Massachusetts Net Metering and Solar Task Force

Task 4 – Options to Reach the 1600 MW Goals

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1 Introduction and Summary

In order to conduct the modeling in Task 3, the Task Force first had to select the potential futures, or "policy paths", to be modeled. To make this selection, the Task Force used the following process. Based on the research conducted in Tasks 1 and 2, stakeholder objectives as expressed in the focus groups conducted in Task 0, and public comment, the consulting team developed an initial set of 7 potential policy paths. These paths were discussed at the Task Force meeting on February 12, 2015. After the meeting, additional Task Force feedback on the paths was solicited through a survey, and a narrowed set of 3 options was presented to the Task Force on March 5, 2015. At that meeting, the Task Force modified the options and selected the set to be modeled.

In selecting these policy paths, the Task Force members made an explicit distinction between selecting paths for modeling and selecting paths for potential implementation. For the modeling exercise, the Task Force's objective was to choose paths for which the modeling would generate useful information. The selection of a path for modeling is not an indication that a majority, or indeed any, of the Task Force members would like to see that path implemented.

2 Initial Set of Policy Path Options

Based on the research conducted in Tasks 1 and 2, stakeholder objectives as expressed in the focus groups conducted in Task 0, and public comment, the consulting team developed an initial set of 7 potential policy paths. These paths were each described along the dimensions listed in the table below.

Table 1. Dimensions

Dimension	Description
Solar - Small	Treatment of small solar, including structure of incentive (e.g., rebate or performance based incentive), and process for awarding incentive (e.g., first-come-first-served or competitive solicitation)
Solar - Large	Treatment of large solar, including structure of incentive (e.g., rebate or performance based incentive), and process for awarding incentive (e.g., first-come-first-served or competitive solicitation)
Distribution	Mechanisms for allocating support for solar, e.g., targeting by geography or system type
Net metering	Rules for net metering for solar generation up to on-site load
Virtual net metering	Rules for net metering for solar generation in excess of on-site load
Net metering caps and timing of transitions	Whether to keep, extend, or remove net metering caps; timing of transition to new incentive structure
Targets/constraints	Whether targets are based on a MW goal or a budget
Quantity target/timeline	Program MW target and timeline (e.g., 1600 MW by 2020)

Using these dimensions, the consulting team developed seven potential policy paths for presentation to the Task Force. Each path was designed to prioritize an objectives identified by one of the Task Force members and was based on an incentive system in place in another state. The paths are summarized in the Table below. They are described in detail in the PowerPoint presentation delivered to the Task Force on February 12, 2015.

Table 2. Initial Set of Policy Paths

Policy Path	Description	Analog
1. SREC Program Modifications including Long-Term Contracting Pilot	Keep the current incentive model but make adjustments that reduce costs while maintaining benefits	MA SREC-II Program, NJ PSE&G loan program, proposed National Grid SREC pilot (2013)
2. Competitive Solicitations	Incentives set based on results of regular competitive solicitation to ensure only the most cost effective installations are built, minimizing ratepayer impacts	RI Renewable Energy Growth, CT ZREC
3. Orderly Market Evolution	Offer declining block incentive (DBI) to create market certainty and lower cost of financing while transitioning away from state incentives	CA Solar Incentive (CSI), NY Megawatt Block Program
4. Sustained Growth Adapting to Market Changes	Incentives rates automatically adjust (up or down) to market conditions through volume-based price setting	CA Renewable Market Adjusting Tariff (ReMAT)
5. Maximize federal incentives w/ Managed Growth Boost + Sustainable Growth	Incentives rates automatically adjust (up or down) to market conditions through volume-based price setting Add tailored incentive for "managed growth" sector to capture max federal incentives before 2017	CA Renewable Market Adjusting Tariff (ReMAT)
6. Prioritize Distribution System	Target PV to support & enhance needs of the distribution system Max system owners contributions the distribution system	Hybrid w/ CT ZREC budget approach
7. Maximize Installed MW within Defined Budget	Apply measures to drive down cost premium, while limiting outlays to preset budget	CT ZREC; RI DG Growth Program

3 Survey of Task Force Members

In order to gather further input from the Task Force members, they were issued an online survey. The survey asked the Task Force members to indicate the policy path they most wanted to see modeled, either by selecting one of the paths presented at the February 12 meeting or by creating their own policy path. The survey also asked the Task Force members to provide their opinions about some of the individual potential policy elements.

The survey responses provided useful insight into the preferences of the Task Force members. The survey responses regarding the preferred policy path are set out in table below. Additional detail regarding the survey responses is available in the PowerPoint presentation delivered to the Task Force on March 5, 2015.

Table 3. Policy Path Preferences in Survey Responses

Defined Paths		Combination Paths	
Path	Responses	Path	Responses
1. SREC Program Modifications incl. LT Contracting Pilot	0	2. Competitive Solicitations + 4. Sustained Market Growth	1
2. Competitive Solicitations	1	3. Orderly Market Evolution + 4. Sustained Growth Adapting to Market Changes	5
3. Orderly Market Evolution	2	2. Competitive Solicitations + 3. Orderly Market Evolution	1
4. Sustained Growth Adapting to Market Changes	1	2. Competitive Solicitation + 6. Prioritize Distribution System	1
5. Maximize federal incentives w/ Managed Growth Boost + Sustainable Growth	1	Other: Competitive process with defined budget	1
6. Prioritize Distribution System	0		
7. Maximize Installed MW within Defined Budget	0		
No opinion	1		

4 Final Set of Policy Paths for Modeling

The consulting team used the survey responses to develop a revised set of three policy paths for the Task Force to consider at its meeting of March 5, 2015. Through discussion at the meeting, the Task Force members distilled those options into two policy paths for modeling. Those paths are set out in the table below.

Table 4. Initial Set of Policy Paths

Dimension	Path A. EDC-Centric: Competitive Solicitations	Path B. Open
Solar – Small: type	Performance-Based Incentive	Expected-Performance-Based Incentive
Solar – Small: Setting	Declining-Block Incentive with safety valve	Declining-Block Incentive with safety valve
Solar – Large: type	Performance-Based Incentive	Performance-Based Incentive
Solar – Large: Setting	Competitive solicitation	Declining-Block Incentive with safety valve
Geographic distribution	Solar (not NM) incentives vary by EDC but MW are a statewide block with ex-post $ reconciliation between EDCs to equalize cost impact	
Differentiation by market sector	Based on SREC-II	
Sized-to-Load Net Metering (rate applicable to billing period roll-forward)	G rate	Current components of retail rate
VNM Credit Structure (applicable to net excess after roll-forward)	W/S rate	Current framework and rates
VNM Project type limitations	n/a	n/a
VNM size limitation	n/a	Keep current
NM Caps	**Variations:** (A-i) No Caps; (A-ii) Current Caps	**Variations:** (B-i) No Caps; (B-ii) Align to match reaching 1,600 MW target
Timing of solar transition	1/1/17	Once 1600 MW reached
Targets and timeline	Set targets ramping up to 2500 by 2025 (proxy for possible 'budget-limited' approach)	2500 MW with no hard timeline; calibrate modeled incentives to match 2500 by 2025 as best possible
Minimum bill	n/a	
Disposition of RECs	Assume RECs minted as Class I and resold into market	

These policy paths were used for the modeling performed in Task 3.