Commonwealth of Massachusetts

Executive Office of Energy and Environmental Affairs
DEPARTMENT OF ENERGY RESOURCES

SOLAR MASSACHUSETTS RENEWABLE TARGET PROGRAM 3.0 (225 CMR 28.00) GUIDELINE

Guideline Regarding the Annual Assessment and Compensation Rates

Effective Date: 11/07/2025
Revised: XX/XX/2026

1) Purpose and Background

This Guideline provides additional details on the Annual SMART Program Assessment and Annual Program Year Report as outlined in 225 CMR 28.05. The purpose of the Annual SMART Program Assessment is to ensure that the program remains responsive to current market conditions and can support solar development at the pace needed to achieve the Commonwealth's decarbonization mandates, while balancing cost and other policy objectives. The Department will take a variety of factors into account when making determinations for the next Program Year, as outlined in Section 2.

All capitalized terms in this Guideline are defined in 225 CMR 28.02.

2) Annual SMART Program Assessment

Pursuant to 225 CMR 28.05(1), the Department will conduct an annual assessment of the program. The Department shall use this assessment to create the Annual Program Year Report outlined in Section 3.

a) The Commonwealth's progress toward achieving the statewide greenhouse gas emissions limits and sublimits established pursuant to M.G.L. c. 21N

The Clean Energy and Climate Plan for 2050 identifies specific targets for achieving decarbonization of the power sector and meeting the Commonwealth's emissions reduction mandates. The plan indicates that the state will need approximately 27 GW of installed solar capacity by 2050 to

achieve these targets.[1] Each year, the Department will evaluate the state's progress toward this target by determining the amount of solar capacity installed to date.

b) Historic program participation rates, including participation by Low Income Customers

Each year, the Department will evaluate the program participation rates from the previous Program Year to help determine if any adjustments are needed to achieve a strategic mix of project types, sizes, and locations. The Department will assess the enrollment rates for each project size category and Compensation Rate Adder category, as well as the number of projects serving Low Income Customers.

c) Current and forecasted ratepayer cost impacts

In consultation with a third-party vendor, the Department will estimate the net program costs for the following Program Year and the associated impacts on electric ratepayers in the Commonwealth. The assessment will consider both direct and indirect costs and benefits of the SMART program, which may include, but not be limited to:

- Direct cost of incentive payments
- Electric distribution company administrative and capital costs
- Value of Renewable Energy Certificates
- Avoided cost of energy
- Avoided transmission and distribution costs

The Department will consider the cost impacts of both the existing capacity enrolled in the program and the proposed capacity for the following Program Year.

d) Regional and national solar costs

The Department's third-party vendor will collect secondary data on the current regional and national cost trends for solar development, including solar market analyses published by the National Renewable Energy Laboratory, Lawrence Berkeley National Laboratory, and others. These data will serve as a benchmark for comparison of solar development costs in Massachusetts.

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[1] Executive Office of Energy and Environmental Affairs, *Clean Energy and Climate Plan for 2050* (Dec. 2022) at 48, https://www.mass.gov/doc/2050-clean-energy-and-climate-plan/download (2050 CECP).

e) Material and development costs for solar

The Department's third-party vendor will collect primary and secondary data on the current material and development costs for solar market participants in Massachusetts. Primary data on costs may include, but not be limited to, equipment, labor, engineering, permitting, customer acquisition, marketing, interconnection, and operation and maintenance. Secondary data on costs may include, but not be limited to, Annual Technology Baseline data from the National Renewable Energy Laboratory and installed cost data from the Lawrence Berkeley National Laboratory. The assessment will also differentiate costs for different project sizes and types.

f) The Commonwealth's land use and environmental protection goals

The Clean Energy and Climate Plan for 2050 identifies specific targets for protecting and restoring natural and working lands in the Commonwealth to increase carbon sequestration and preserve ecosystem services. The plan includes a goal to permanently conserve at least 40% of Massachusetts lands and waters by 2050.[2] Each year, the Department will evaluate the state's progress toward this target and the aggregate impacts on each of the Mitigation Fee factors.

The Department's Technical Potential of Solar Report also identifies the opportunity for strategic siting of solar that can achieve energy deployment and land protection goals simultaneously. The Department will consider the development trends in the program over time and the balance of solar in the built environment, solar on undeveloped lands, and costs to ratepayers.

g) Annual survey of solar development costs

The Department's third-party vendor will conduct an annual survey of solar market participants in Massachusetts to collect data on the development costs for different project types, development timelines, and projected project pipelines. The survey will encompass all of the project size categories and Compensation Rate Adder types available in the SMART program. The reported development costs, along with secondary data, will be used as inputs to a financial model to determine the levelized revenue requirement for different project sizes and types. The financial model will also consider variables such as ownership structure, interest rates, tax incentives, and electricity rates.

[2] 2050 CECP at 116.

3) Annual Program Year Report

Pursuant to 225 CMR 28.05(2), the annual assessment discussed above will help determine the incentive rates and other program elements for the following Program Year. An Annual Report and the aggregate results from the annual survey will be posted on the Department's website by October 1st of each year detailing the proposed changes for the upcoming year. There will be a 30-day public comment period for stakeholders to give input on the proposed changes, and the Department will post the final version of the Annual Report by December 1st.

The following program elements will be reviewed and determined in each annual assessment:

Capacity Block	Total capacity in MW available for reservation by projects subject to the capacity cap
Uncapped Capacity Categories	Project types that will not count toward the Capacity Block. May include: *≤25 kW* *BTM >25 and ≤250 kW*
Capacity Allocation	Allocation of the Capacity Block amongst the Distribution Companies
Capacity Set Asides	Percentage of the Capacity Block reserved for specific project types. Will include: *Standalone >25 and ≤250 kW* *>250 and ≤500 kW* *Low Income Property* *Community Shared Solar*
Base Compensation Rates	Base compensation in $/kWh for each project size category
Compensation Rate Adders	Values in $/kWh for Locational, Off-taker Based, and other Compensation Rate Adders
Flat Incentive Rates	Compensation in $/kWh for projects ≤25 kW **Projects ≤25 kW will receive an all-inclusive Flat Incentive Rate, meaning that they **are not eligible** for any Compensation Rate Adders such as the Building Mounted or Energy Storage Multiplier Adders.*