Questions from SMART Webinar 3/20/18

Questions Log

Q: Can a solar REC generated by an array under the SMART program be transferred to (i.e., sold to) a non-IOU organization such as a third party electricity supplier? I.e., will 3rd party suppliers be able to sell customers "green" electricity made up of class 1 solar RECs?
A: All RECs generated by SMART qualified systems will go to the utility company the system is interconnected to. That utility company may then choose to retain or sell those RECs. A third party electric supplier would be able to purchase any RECs for sale at that point. There will be plenty of Class I REC supply associated with non-SMART generation, and retail suppliers may purchase those RECs. Retail Electric Suppliers will continue to have to comply with the RPS Class I minimum standard, and may also choose to offer customers green products if they procure RECs in excess of their compliance obligation.

Q: Can you discuss the potential capacity issues in NGRID and Eversource WMECO. I've heard that approved and pending applications indicate that the allowable capacity in those regions may be overprescribed already.
A: If the question is regarding the number of projects that are in the National Grid and Eversource WMECO interconnection queue, DOER cannot speculate on how quickly capacity blocks will be allocated. Capacity blocks will be allocated as fully qualified and eligible projects submit applications.

Q: if behind the meter and stand along get same incentive payment, why restrict alternative on bill crediting to stand alone? I suppose it's for reasons other than value paid for energy + incentive?
A: The alternative on bill credit is currently limited to standalone systems in the draft SMART tariff at the DPU. The final determination will be made by the DPU.

Q: When incentive payment is made by utility, does utility pay the amount per kWh minus the price paid for energy, whether on bill credits or QF wholesale rate
A: For standalone systems, the incentive payment is calculated as the qualified tariff rate minus the energy value. The system owner still receives the value of energy, either through a bill credit, or payment subject to the QF tariff.

Q: How can the commonwealth justify excluding Munis?
A: The Department of Energy Resources determined that a tariff based incentive program would be the best program design to deliver a sustained incentive at the lowest cost to ratepayers. Tariffs must be approved by the Department of Public Utilities. As the DPU oversees the tariff approvals for Investor Owned Utility Companies, it is in those service territories that the incentive is available. DOER continues to have discussions with Municipal Light Plants regarding a separate incentive program for those territories.

Q: When is it expected the SMART program will go live?
A: The SMART program will go into effect upon the approval of the SMART tariffs by the DPU. The proceeding to approve the DPU is currently on going, and the approval of the tariffs is expected to come some point this summer.

Q: how are defining a Greenfield?
A: The SMART regulations do not define greenfield, but rather applies a greenfield subtractor on certain types of projects. Large ground mounted facilities built on open space may be subject to a greenfield

subtractor. To determine whether a greenfield subtractor applies, review the Land Use and Siting Guideline.

Q: Is a project subject to a subtractor if it is sited on a sand quarry?
A: A project is subject to a subtractor if the land it is located falls into Category 3 Land Use. Refer to the Land Use and Siting Guideline for more information on classifying land, which depends on a number of factors. Any site specific questions may be submitted directly to DOER.

Q: Could you please explain why a customer with a competitive supplier needs to be charged the DC basic service rate?
A: The fixed incentive rate for behind the meter solar tariff generation units is calculated by subtracting a the three year basic service rate, plus current transmission, transition, and distribution rates, from the total tariff incentive rate the solar tariff generation unit qualifies for. The purpose of subtracting out the basic service and volumetric charges is to determine the value of the energy served behind the meter. A customer that is on competitive supply is not being charged basic service, but rather the basic service rate is the approximate value determined for that system, as the Solar Program Administrator is not privy to the competitive rates.

Q: So, on behind the meter, the incentive payment is reduced by energy value so calculated for all kWh, including what is consumed on site? Doesn't this incentivize stand-alone facilities, rather than behind the meter?
A: The incentive for behind the meter systems is a fixed incentive rate for every kWh of production of the solar installation. The deduction of the value of energy from the all in tariff rate is meant to put a value on the energy served behind the meter. From that point forward, the fixed kWh incentive payment is paid on every kWh of production. The design is not intended to incentive behind the meter or standalone as a preferred type of installation. Installers should review what type of installation works best for the customer and the site.

Q: what is "Project segmentation”?
A: The design of the program gives a higher incentive rate to smaller sized projects, and also does not subject smaller projects to the Land Use Categories and a possible Greenfield Subtractor. To preclude any possible gaming of the incentive program, the project segmentation rules were established to prevent one developer from installing multiple smaller units across multiple parcels.

Q: If you're adding storage to an existing PV array, would it qualify for SMART program tariffs?
A: No, to qualify for the SMART program, the PV installation must be new, and not currently operational under the SREC I or SREC II programs. A retrofitted system with a new battery would not be eligible for the SMART program.

Q: Can you submit an application for a system that will qualify for Block 2 when Block 1 opens up?
A: Projects will ordered continuous, so it is possible to submit an application when Block 1 opens that will eventually get qualified under Block 2.

Q: If you have a QF facility larger than 25 kW how will the compensation work?
A: A Qualifying Facility interconnected as a standalone facility will be qualified for the all in compensation rate based on size, Capacity Block, and any eligibility adders and applicable subtractor. The total tariff rate is then compensated as a combination of energy and incentive. The energy rate is determined by that utility company’s QF tariff. The energy rate is subtracted out from the total

compensation rate, and is paid to the owner separately. The incentive payment is the remainder, and is paid directly to the system owner.

Q: What is the difference between On Bill Credit and Net Metering Credit?
A: A Net Metering Credit is the credit value applied to a generation system that has been qualified for the Net Metering Program. The DPU oversees the Net Metering Program, and the application for net metering is on the massaca.org website. Net metering is a separate program from SMART, subject to net metering caps and restriction. The Alternative On Bill Credit is a new bill crediting mechanism that is being approved along with the SMART tariff. It is a bill credit in the same way a net metering credit is a bill credit, but there are particular rules that are currently being review by the DPU and the final rules for alternative on bill credit will be set by the final order from the DPU. There are no caps on alternative on bill credits, but the alternative on bill credit is only available to projects qualifying under the SMART program.

Q: Will the subtraction be the QF amount?
A: The value of energy for Qualifying Facilities is determined by the interconnecting utility company's qualifying facility tariff.

Q: What are requirements for initial bid portal?
A: If the question is regarding the application requirements for obtaining a block reservation, please refer to the Statement of Qualification Application Guideline.

Q: Can a SMART system be installed behind a meter that has an existing SREC system already installed?
A: Yes, as long as a separate revenue grade production meter is installed on the SMART system.

Q: Will this program eliminate the RPS for solar?
A: No, the RPS will continue, and all SMART qualified generation units will generation Class I RECs, which will go to the utility company in exchange for the SMART tariff paid to the system owner.

Q: When will Munis have access to SMART?
A: Municipal Light Plants are not eligible for the SMART program.

Q: What if we have a compliant about the system program administrator? Who does it go to? What ithe remedy?
A: Concerns should be submitted to the electric distribution companies.

Q: behind the meter I mean.
A: Behind the meter means that the production of the solar tariff generation unit is used on site before it goes out to the distribution grid.

Q: What are the project requirements for June 2018 bid portal?   Assuming interconnection approval not needed.
A: Please refer to the question answered above and the Statement of Qualification Application Guideline for the requirements.

Q: Do we expect Municipal Electric Companies will join SMART at any point?

A: Please refer to the question answered above regarding Municipal Light Districts.

Q: How does SMART program affect LEED projects? Typically to earn Renewable Energy points, a project needs RECs. If utilities get RECs, can LEED projects still earn points?
A: DOER cannot comment on how SMART would impact LEED certification. Please refer to the USGBC for questions of LEED eligibility.

Q: So no third party suppliers can get a solar REC under SMART?
A: RECs will continue to be generated an available on the market for third party competitive suppliers to purchase. The RECs from SMART generation units will go to the utility companies, but SMART generation units are not the only MA Class I qualified facilities.

Q: Will Cap Allocation ever be increased for WMECO through MassACA?
A: DOER has no authority over the net metering program. Any cap allocation must be approved by the Legislature.

Q: if a municipality or company wants to claim they are powered by renewable energy, then they just don't participate in the SMART program and there are no incentives?
A: DOER is unclear about this question, please follow up directly with DOER at DOER.SMART@state.ma.us.

Q: Will the project owner control the storage asset? (Use for capacity charge reduction, peak shaving, etc)
A: DOER will continue to discuss the performance requirements of Energy Storage Systems in the SMART program, please look for future announcements and additions to the Energy Storage Guideline for further details.

Q: Can you define Floating Solar? Is it an array on a body of water?
A: Please refer to 225 CMR 20.02

Floating Solar Tariff Generating Unit. A Solar Tariff Generation Unit located on a body of water that are currently, or was formerly, used for water treatment, agricultural or industrial activities, and that allows for the continued use of the water body for its intended purpose.

It must also conform to 225 CMR 20.06(1)(i) Special Provision for Floating Solar Tariff Generation Units.

Q: Will this program be effected by the omnibus utility bill that is pending
A: DOER cannot comment on how the pending bill may impact the program.

Q: Will the incentive payment be considered taxable income?
A: Yes, incentive recipients will be issued tax form by the issuing utility company.

Q: Currently, virtual net metering credits cannot be purchased from outside of a utility distribution zone (i.e. Nantucket cannot buy net metering credits outside of Nantucket Electric territory). Does this limitation also apply for SMART program offtakers?
A: All rules applying to the alternative on bill crediting mechanism will be finalized by the DPU in the final tariff order, but the current proposal allows alternative on bill credits to be allocated within the same service territory but across load zones.

Q: If a project is located on a site with a load can it opt for stand-alone rather than behind the meter?
A: The determination of standalone versus behind the meter system depends on the interconnection of the system rather than any existing load at the site. It is possible for a solar tariff generation unit to be interconnected as a standalone system, meaning exporting directly to the grid, while also being installed at a site with existing load.

Q: Can you discuss the potential capacity issues in NGRID and Eversource WMECO. I've heard that approved and pending applications indicate that the allowable capacity in those regions may be overprescribed already.
A: The application queue is intended to progress without stopping. DOER cannot guess about how quickly queue positions may fill up; to reserve a queue position generation units must not only have obtained a signed ISA, they must also have site control and non ministerial permits. It is impossible to know how many projects in the interconnection queue have obtained all necessary application requirements to obtain a block reservation at this time.

Q: If a project gets a 1-year reservation and project is not completed, does value decline?
A: Please refer to the Statement of Qualification Application Reservation Period Guideline for further details. If a project is not complete at the end of a 12 month reservation period, an extension may be obtained. If a project is not complete by the end of its Reservation Period, it will lose its reservation, and must reapply to obtain a position in the queue at that time.

Q: Will the slides be available after the webinar? If so, where
A: DOER posts the slides and related material on our Webinar Page at
https://www.mass.gov/service-details/doer-webinars
The Webinar is linked here and posted on DOER's YouTube channel.

Additional Questions:

Q: Relating to the June 2019 Bid Process: Will the DOER require a signed interconnection application for the SMART bid portal? And What other requirements will there be? Land control? Roof lease, etc?
A: Please refer to the question answered above and to the Statement of Qualification Application Reservation Period Guideline for further details.

Q: Relating to Storage Adder: Will the project owner "own" the capacity reduction, T & D reduction, etc. savings produced by the energy storage asset?
A: The Department of Public Utilities has determined it will not issue an order on the question of capacity rights for solar and solar plus storage in the SMART Docket (17-140). It will be determined in a separate docket at some future point.

Q: Relating to PPAs: In particular, I was trying to understand how I would determine what a reasonable PPA rate might be for the example facility and how this would work in the scenario that is most common for municipalities, where we are charged a PPA rate for the electricity and the vendor gets the payments-City of Medford
A: In reviewing PPA rates, there are a couple of factors to consider. Is the system being connected behind the meter or a standalone? If it is a behind the meter generation unit, the value of the energy deducted from the all in rate is determined by the rate class of the meter the system is interconnected to. So the rate of the PPA is determined by the rate class of the system. If the system is a standalone and

the PPA is a bill credit offtake agreement, then the rate is determined by whether the system is interconnected as a net metering system or an alternative on bill credit system. The value of the bill credits differ between the two types of systems. There are also different rules that apply to each type of system. In determining whether a rate is reasonable, these are the different aspects of the project design that should be reviewed.

Q: In Newton, we are involved in developing an RFP for solar projects on about 30 city owned properties. We are trying to understand our options under SMART and the cash flows under those options. By cash flows I mean the source of revenues to the owner/developer and the source of savings and credits to the city. These projects would be done under a PPA agreement. In part, our attention to these details is motivated by the general rate case of Eversource last summer where they attempted to reduce the value of net metering credits on our existing projects by 40%. This would have been a huge blow to our solar projects and to those of several other communities. We intervened in this rate case and prevented Eversource from reducing the net metering credits as they had proposed.

From what was presented, it seems that standalone net metering may provide the best protection from the type of rate changes that Eversource proposed and will likely propose again in the future. This is because under the standalone option the incentive increases in value if the net metering credit decreases. Do I understand that correctly?
I have a couple of questions related to this:

1. Do we have the option of doing a standalone net metering project even if the solar array is located on a building with load (rather than behind the meter)?

A: Yes, with the interconnection approval of the utility company.

2. What is the difference between an on bill credit versus a net metering credit?

A: Net metering credits are allocated when a generation unit is qualified for net metering and granted a net metering cap allocation. The rules of the program are regulated by the Department of Public Utilities. Alternative on bill credits are specifically created for SMART generation units. The value and the rules that apply to alternative on bill credits differ from net metering credits, and will be finalized in the final order by the DPU on the SMART tariff.

From City of Newton.

Q: I'd be interested in hearing about DOER's perspective on the SMART program MW allotment, particularly in NGRID and Eversource WMECO territory. From what I've heard, approved and pending Interconnection applications are already well above the program allotment in those utility territories. This is very concerning for municipalities as they cannot move at the speed of a private land owner transaction. This could cause municipalities to miss on the SMART incentives altogether thus stopping the project or put them in a very late block thus minimizing the potential benefit to the town. The greenfield 'land grab' is also counter to the MA SMART program's intention of incentivizing landfills, rooftops, brownfields, etc.

I would be very interested in hearing DOER's perspective on this topic and whether or not there could be a municipality specific 'carve out' or another alternative to address this.

A: Please see the response to the question above regarding the interconnection queue. At this point, DOER has fully promulgated the regulations regarding the SMART program. Once 400MW of projects have been qualified, DOER will conduct a review of the program, and at that point determine if any changes need to be made to the program policies.

Note: Visit the Mass Smart website (http://masmartsolar.com/) to get additional information including the FAQ.