



Date: 10/31/2025

Grace Fletcher, SMART Program Manager  
Massachusetts Department of Energy Resources  
100 Cambridge Street, 9th Floor  
Boston, MA 02114

**RE: PY26 Annual Report Public Comment**

Dear Ms. Fletcher,

Lodestar Energy LLC (“Lodestar”) appreciates this opportunity to provide written comments to the Department of Energy Resources (“DOER”) regarding the Draft Program Year 2026 Report for the SMART program (“the Report”), released on October 1, 2025.

Lodestar is a renewable energy developer that has constructed over 15 solar and storage projects representing more than 50 MWs of generation in Massachusetts across our twelve-year history. We have been active in the Commonwealth since 2014, participating in the early SREC programs, Net Energy Metering (“NEM”), and previous SMART iterations. We have been enthusiastic about SMART 3.0 since the initial straw proposal was released in 2024 and commend DOER for their efforts in supporting the continued development of solar and storage in the Commonwealth.

However, we are concerned that the methodology used in calculating the base compensation rates (“BCRs”) for PY 2026 is flawed and threatens the viability of the SMART program. We deeply appreciate this opportunity to provide feedback on the proposed incentive rates, adders, and allocated capacity for PY 2026. This feedback is meant to facilitate achieving a key objective of SMART 3.0— incentivizing sufficient project development sufficient to meet the Commonwealth’s climate targets.

While we applaud DOER for implementing a flexibility mechanism into the SMART 3.0 program, the calculated decrease in BCRs between PY 2025 and PY 2026 demonstrates that the methodology currently fails to capture the significant changes in federal policy that has occurred over the last ten months. In setting the PY 2025 BCRs, the Department relied on survey data that was inclusive of the Biden-era tariff exemption for many imports, an expanded Investment Tax

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Credit (“ITC”) environment created by the Inflation Reduction Act, and lower interest rates following the Covid-19 pandemic. Despite these tailwinds, the PY 2025 methodology calculated BCRs as needing to be significantly higher across all STGUs categories larger than 25 kW than the PY 2026 report to incentivize further solar development in the state.

Compare this with the macroeconomic environment developers face looking to 2026 and beyond. Developers now have until July 1, 2026 to safe harbor projects ahead of the ITC phaseout or risk losing the 30% tax credit. Federal tariffs on everything from solar panels to steel have raised material cost estimates significantly. Interest rates remain elevated, and the increasing regulatory risks stemming from federal actions to slow renewable development have raised the borrowing costs for developers like Lodestar. SMART 3.0 projects also require additional expensive interconnection upgrade payments and mitigation fees for land use impacts. This environment represents the reality of developing solar projects for the foreseeable future.

Given these changes have emerged largely over the past several months, Lodestar is concerned that the PY 2026 methodology fails to accurately reflect their impacts in its modeling. While the draft PY 2026 report notes the need to support the solar industry “in wake of growing federal destabilization of the solar and storage markets.”, a 10% rate reduction directly contradicts this stated goal. If federal destabilization requires additional state support, rates should increase, not decrease.

DOER’s decision to override the more significant 8-17% lower calculated rates and implement a flat 10% decrease across all capacity categories illustrates awareness that this methodology is flawed. By invalidating its own methodology, DOER has made a policy choice to decrease BCRs rather than examine issues in underlying assumptions. While the report does not specify when the data was collected, the relative lack of Massachusetts specific project data logically means the analysis relies heavily on national, historic solar costs that do not reflect the policy environment discussed above. If implemented as proposed, the PY 2026 rates would deem significant portions of Lodestar’s pipeline economically unviable.

The renewable energy projects that can be safe harbored into the ITC represents the most cost-effective solar that will be developed in the Commonwealth for the foreseeable future. Meeting the Commonwealth's solar goal will require the installation of roughly 460 MWs of new solar per year out to 2030. The DOER should set rates that incentivizes the maximum amount of

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solar development during the ITC window to ensure the state can meet its clean energy mandate at a lower cost to ratepayers. In spirit, the concept of a flexibility mechanism is to allow for the rapid adjustment of rates to macroeconomic conditions. DOER should make full use of the flexibility mechanism and not bind itself to a methodology that fails to capture forward looking changes.

Additionally, Lodestar is concerned that, should DOER adjust PY 2026 BCRs to reflect necessary compensation levels, there is a risk that the 450 MWs AC of capacity may be oversubscribed. Due to the lack of certainty created by draft SMART 3.0 guidance, interconnection delays stemming from CIPs and ASO studies, and the short length of PY 2025, we are concerned that a backlog of projects may oversubscribe PY 2026. Given the pivotal timing considerations for projects to achieve the ITC, Lodestar urges DOER to consider allocating any unused capacity from PY 2025 to PY 2026 to best ensure development demand can be met.

Lodestar supports the comments and analysis of the Clean Energy Groups that demonstrate a significant gap in necessary compensation across all project levels (\$19-\$24/MWh for projects like those that Lodestar develops). We respectfully ask DOER to consider that analysis and implement PY 2026 rates that incentivize solar development that can achieve the full ITC. If DOER cannot adopt CBRs based on analysis conducted by third parties, we respectfully request that PY 2026 rates be kept at least as high as PY 2025. Doing so will enable the deployment of clean, cost-effective energy to help Massachusetts meet its climate mandates.

Lodestar thanks DOER for their hard work in crafting the SMART 3.0 program, and the opportunity to comment.

Sincerely,

Oliver Sandreuter  
Director of Business Development

Lodestar Energy