

**October 30, 2025****Ms. Samantha Meserve**

**Director, Renewable and Alternative Energy Division  
Massachusetts Department of Energy Resources  
100 Cambridge St, 9th Floor  
Boston, MA 02114**

**Re: Comments on the Draft SMART 3.0 Program Year 2026 Annual Report****Dear Director Meserve,**

Aspen Power appreciates the Department's continued work to guide the SMART program through its next phase. We understand and support DOER's goal of balancing ratepayer impacts with the need to sustain distributed solar growth in Massachusetts. However, we are concerned that the proposed 10 percent reduction in Base Compensation Rates for Program Year 2026 is premature and inconsistent with the evidence and approach outlined elsewhere in the draft report.

1. **Lack of data supports rate stability.** DOER acknowledges that it "does not have historic program participation data to evaluate" for SMART 3.0, given that the first application window opened on October 15, 2025. That acknowledgment is used to justify holding several parameters, such as capacity set-asides and adder values, constant for PY2026 until data become available. We agree with that logic and believe it should apply to Base Compensation Rates as well. We feel it would be inconsistent to maintain program elements with limited market impact due to lack of data, yet reduce the core economic driver of the program — and by extension, the key determinant of whether projects can move forward. Making a 10 percent rate reduction before a single SMART 3.0 project has been built or financed risks creating unnecessary volatility right at the program's launch.
2. **Rate disparity due to timing is arbitrary.** The timing of the 2026 solicitation further underscores the lack of justification for such a reduction. The 2025 window runs from October 15 through December 31, and the 2026 window opens January 1. There is no practical difference between a project that applies on December 31 and one that applies on January 2 — both will face the same construction market, financing environment, and interconnection timelines. Yet under the proposed structure, those projects could receive materially different compensation rates. This situation could be particularly unfair to projects submitted late in 2025 that are waitlisted or shifted into 2026. A 10 percent difference in base rates due purely to administrative timing would not only penalize developers and offtakers arbitrarily, it could also discourage early participation in SMART 3.0 while investor confidence in the new design is still being built.

3. **Modeled data shouldn't drive near-term policy.** We understand that BW's modeling suggested larger cost declines between Program Years 2025 and 2026, but those modeled results rely heavily on NREL's national cost data because Massachusetts-specific survey responses were limited. As the report notes, some categories of projects had so few responses that 60 to 100 percent of the data used came from ATB modeling rather than direct developer input. These modeled figures are useful for long-term trend analysis but should not be treated as a definitive reflection of near-term market conditions in Massachusetts — particularly when the Department itself has not yet seen actual program participation or project cost data under SMART 3.0. Respectfully, applying modeled cost declines as the basis for incentive rate reduction is exactly the same logic implemented by the prior Administration in its original design of the SMART Program – logic that ultimately led to many of the later blocks not being filled due to unworkable economics.
4. **Premature cuts limit future flexibility.** Finally, lowering rates now could make future adjustments more difficult just as federal policies are likely to drive costs higher. Under 225 CMR 28.05(6), Base Compensation Rates may only change by  $\pm 20$  percent or \$0.01 /kWh year-over-year. A 10 percent cut in 2026 would limit the Department's flexibility to respond upward in 2027, even if costs increase as a result of the Investment Tax Credit step-down or the new FEOC compliance requirements that begin taking effect next year. The Department's own report notes that these federal changes will affect project economics. Reducing rates now, before those impacts are fully understood, could lock the program into a trajectory that's difficult to reverse.

For these reasons, Aspen Power respectfully urges the Department to maintain the 2025 Base Compensation Rates through the 2026 Program Year, or at most, apply a minimal adjustment until SMART 3.0 participation and cost data can be evaluated. Maintaining stability during the program's first full year will support a smoother rollout, strengthen investor confidence, and ensure that future rate decisions are more fully informed by real Massachusetts data rather than assumptions.

We appreciate the opportunity to comment and look forward to continuing to work with DOER and other stakeholders to make SMART 3.0 a durable and effective platform for distributed solar development in the Commonwealth. Maintaining rate stability now will ensure SMART 3.0 launches on solid footing, giving DOER the data it needs to make informed, evidence-based adjustments in future years.

Respectfully submitted,

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