

Commonwealth of Massachusetts
Executive Office of Energy and Environmental Affairs
DEPARTMENT OF ENERGY RESOURCES

**SOLAR MASSACHUSETTS RENEWABLE TARGET PROGRAM
(225 CMR 20.00)**

GUIDELINE

Guideline on Establishing SMART Compensation Rates

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Revised: xxxx

1) **Purpose and Background**

This document provides information on how compensation rates are set under unique circumstances that do not align with the criteria established in the *Guideline on Capacity Blocks, Base Compensation Rates, and Compensation Rate Adders*.

The Department of Energy Resources (“Department”) clarifies that there are two situations under which it may manually set the compensation rates of a Solar Tariff Generation Unit (“STGU”):

- i. **Blended Rate:** Multiple STGUs qualifying for different compensation rates that are being interconnected behind the same retail meter.
- ii. **Combined Rate:** If more than one Standalone STGU is qualified on one parcel or across contiguous parcels and the combined capacity of the STGUs does not exceed 5MW AC, the Base Compensation Rate is established using the total combined capacity of the STGUs.

2) **Blended Rate**

Due to billing constraints, a Distribution Company may not be able to read multiple generation production meters installed on several STGUs that qualify for different compensation rates and are connected behind one retail meter. The below chart summarizes which Distribution Company may require Blended Rates for Behind-the Meter and Standalone STGUs. Applicants are encouraged to work with the applicable Distribution Company’s distributed generation department to determine the optimal approach for interconnecting multiple STGUs to the electric distribution system.

| Interconnection Type | Eversource¹ | National Grid | Unitil |
|---|-------------------------------|----------------------|---------------|
| Multiple Behind-the-Meter STGUs behind a single Net Revenue/Retail Meter and Delivery Point | No | Yes | No |

¹ Any applicable blended rate for Eversource customers will be based on the Eversource territory (East or West), in which the STGU in question is located.

| | | | |
|---|-----------------|----|----|
| Multiple Standalone STGUs behind a single Net Revenue/Retail Meter and Delivery Point | No ² | No | No |
|---|-----------------|----|----|

In these instances, the Department will calculate a single blended rate for each of the STGUs. A SMART Applicant should submit a separate application for each STGU. The Department will then determine a unique, capacity weighted, blended rate, which will be the same on each Statement of Qualification for the STGUs in question. The blended rate will be based on the total compensation rate (i.e. Base Compensation Rate and any applicable Compensation Rate Adders and/or Greenfield Subtractor) for each STGU but will be weighted based on the AC capacity of each STGU that will be connected behind the same retail meter.

Please note: blended rates only apply to STGUs that qualify for an exception from the project segmentation rules under 225 CMR 20.05(5)(g) and are behind the same retail delivery point as another STGU.

Example A (two STGUs >25kW)

A 1 MW Building Mounted STGU is connected behind the same retail meter as a 500 kW Canopy STGU. The 1 MW Building Mounted STGU is eligible for a \$0.17/kWh Total compensation rate and the Canopy STGU is eligible for a \$0.25/kWh total compensation rate.

$$\text{Blended Rate} = [(1,000 \text{ kW} / 1,500 \text{ kW}) * \$0.17] + [(500 \text{ kW} / 1,500 \text{ kW}) * \$0.25]$$

$$\text{Blended Rate} = \$0.197/\text{kWh}$$

Example B (one STGU is <25 kW and one STGU is >25 kW)

In the instance where multiple STGUs that qualify for different compensation rates are connected behind one retail meter and receive different Tariff Terms due to their sizes, the Department will calculate a single blended rate for each of the STGUs. A SMART Applicant should submit each individual STGU for qualification separately. The Department will then determine a unique, capacity and term length weighted, blended rate, which will be the same on each Statement of Qualification for the STGUs in question. The blended rate will be based on the total compensation rate (Base Compensation Rate and any applicable Compensation Rate Adders and/or Greenfield Subtractor) for each STGU, but will be weighted based on the AC capacity and Tariff Term length of each STGU that will be connected behind the same retail meter.

Example: A 100 kW Canopy STGU is connected behind the same retail meter as a 20 kW Building Mounted STGU. The 100 kW Canopy STGU is eligible for a \$0.315/kWh total compensation rate for 20 years and the 20 kW Building Mounted STGU is eligible for a \$0.34/kWh total compensation rate for 10 years.

Rate =

$$\text{First ten years: } [(100 \text{ kW} / 120 \text{ kW}) * \$0.315] + [(20 \text{ kW} / 120 \text{ kW}) * \$0.34] = \$0.319167/\text{kWh}$$

$$\text{Second ten years: } \$0.315/\text{kWh}$$

² Eversource is able to individually meter and compensate multiple Standalone STGUs in this instance, so long as each STGU has its own Interconnection Service Agreement.

Blended 20-year Rate = $(\$0.319167 + \$0.315)/2 = \$0.31708/\text{kWh}$

3) Combined Rate

In the instance when there are two or more STGUs being installed on one parcel or across contiguous parcels, have a combined capacity that does not exceed 5MW AC, and do not meet one of the established exceptions to the project segmentation rules set forth in 225 CMR 20.05(5)(g), the Department may establish the Base Compensation Rate based on the combined capacity of the STGUs. The Base Compensation Rate will not be calculated based on capacity for each individual STGU. The Base Compensation Rate will be calculated using the combined capacity of the eligible STGUs that are each assigned ~~to the~~ Statement of Qualification. At the Department's discretion, and as part of the request for an exception to the project segmentation rules per 225 CMR 20.05(5)(g), the Department may elect to use the following method to set the Base Compensation Rate:

- i. The applicant will be asked to submit ~~a single application~~ separate applications for ~~the combined capacity installed on each of~~ STGU on the parcel(s).
- ii. The ~~application~~ applicant must ~~include an Interconnection Service Agreement for~~ attach the project segmentation good cause exception letter to each ~~of~~ application and the ~~individual STGUs being included under~~ applicant must inform the ~~single application, which will be treated as a single STGU for qualification purposes~~ Solar Program Administrator in writing of the separate applications.
- iii. The applicant may have single utility owned generation meter, as determined by the interconnecting electric distribution company.
- iv. The Department will issue a ~~single~~ Statement of Qualification for ~~a single~~ each STGU with a single Base Compensation Rate that would be calculated based on the combined AC capacity of the STGUs.

Example:

A solar developer has two ISAs for STGUs located on contiguous parcels. The first project is 800 kW AC, and the second project is 900 kW AC. The developer obtains a good cause exception to the project segmentation rules under 225 CMR 20.05(5)(g), and submits ~~a single~~ two SMART application for ~~1700~~ 800 kW AC ~~and 900 kW AC, respectively.~~ The Base Compensation Rate for the STGUs is calculated on the ~~1700~~ 1,700 kW AC capacity.