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Massachusetts Department of Energy Resources (DOER)  
100 Cambridge St., Suite 1020  
Boston, MA 02114  
Submitted via email to DOER.SMART@state.ma.us

Re: Comments on draft SMART Customer Disclosure Forms

Dear DOER staff,

Thank you for the opportunity to comment on the three draft SMART Customer Disclosure Forms: Direct Ownership, Third Party Ownership and Community Shared Solar. I am providing comments in two separate formats.

- 1) Marked up copies of the draft forms with suggested edits and line level comments. For convenience, these comments and suggestions are being submitted in MS Word format.
- 2) General comments pertinent to all three forms follow on page two of this letter. These comments offer suggestions toward DOER's goal to "... provide consumers with a straightforward, uniform, and transparent resource to evaluate potential solar transactions under the Solar Massachusetts Renewable Target (SMART) Program."

In addition, given the complexity of the policies and economics surrounding energy storage, I recommend that DOER develop a customer disclosure form for customers purchasing storage.

Thanks again for the opportunity to comment and good luck with the rollout of SMART.

Sincerely,

Dave Beavers  
(david.beavers@sunesty.org)

## General Comments

The purpose of the customer disclosures as stated on the forms is to “provide consumers with a straightforward, uniform, and transparent resource to evaluate potential solar transactions under the Solar Massachusetts Renewable Target (SMART) Program.” With this in mind, the following comments and suggestions are offered.

1. The information provided in a completed form is not likely to be sufficient to “evaluate [a] potential solar transaction.”
  - a. The form offers a potential customer a first-year savings, with “savings” being undefined.<sup>1</sup> Thus, it is possible that different installers bidding a job may choose different approaches to calculating savings, which could confuse the consumer.
  - b. No long-term metric for savings (e.g. simple payback period) is offered.
  - c. First year savings may not be representative for STGU’s less than 25 kW-AC as the SMART Tariff term is only ten years and the value of energy generated by the STGU could drop substantially in year eleven, while the STGU lifetime could be expected to be at least twenty years.
  - d. The forms do not break out the savings expected to be seen on electric bills, from the SMART cash payments. Unless it’s clear that the cash payments from the utilities are non-taxable,<sup>2</sup> potential customers should be made aware in the disclosure form that the cash portion of the SMART benefit may be considered taxable income. Depending on the customer’s marginal federal tax rate, a pre-tax economic “evaluation” may differ substantially from a post-tax economic “evaluation.”
  - e. Some installers may provide additional detail in a separate document that helps a potential customer make a thorough evaluation of the transaction. However, unless there are standards that each installer must adhere to when providing this information, there is no assurance that the methods and assumptions used in deriving the additional detail will be “uniform.” Further, as the assumptions and methods may be considered business sensitive information, the process may not be “transparent.”<sup>3</sup>
2. One way to provide more meaningful information without burdening installers would be to have disclosure forms auto-generated from a draft SQA saved in the SMART SQA website portal. The process could be as follows.
  - a. An Installer signs into the SMART SQA web portal and starts and completes a draft SQA.
    - i. The information needed, in addition to that provided in the draft SQA, to generate an informative disclosure form will be stored in the SMART SQA

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<sup>1</sup> i.e., it’s not clear whether the “savings” are just from reduced energy bills, or reduced energy bills plus any SMART incentive cash payments, and whether the savings are netted after considering costs such as loan repayments, and operations and maintenance.

<sup>2</sup> i.e. not treated as taxable income per the IRS and Massachusetts DOR

<sup>3</sup> For example, the electricity price escalation that an installer chooses can have a substantial impact on the lifetime projected savings for a project. A more aggressive assumption will result in higher customer savings over the lifetime of the project, and may lead a customer to select an installer that does not offer the best deal when an “apples to apples” comparison is made.

portal. For example, electric rates for each utility will be stored and updated as normal course of business for the SMART Administrator.<sup>4</sup>

- b. The installer clicks a button on the web interface to generate a disclosure form and prints it out for signing.<sup>5</sup>
  - i. The information provided in the disclosure form includes:
    - 1. A breakout of expected annual electric bill savings and SMART cash payments (calculated by the web portal).
    - 2. A note pertaining to the potential for the SMART cash payment being considered taxable income.
    - 3. First year and long-term financial metrics (e.g. simple payback) that help the customer make an informed decision.
    - 4. Information is presented in an easy to understand visual format as much as possible (i.e. charts and graphics rather than tables).

Disclosure forms generated via the SMART SQA web portal could provide a straightforward, uniform, and transparent resource for customers to evaluate potential solar transactions. Customers should be assured that savings calculations were performed in a non-biased and accurate manner. Further, the time burden on installers should be reduced as they will only have to enter customer information once (into a draft SQA) rather than enter the same information into both a customer disclosure template and an SQA.

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<sup>4</sup> Some additional inputs will be needed. For example, a value for electricity rate escalation will be required to project future savings. One source for this value could be found in the twenty-year price projections developed by the *U.S. Energy Information Agency (EIA)*.

<sup>5</sup> An electronic signature option may reduce the paperwork burden.