



June 1, 2020

Kaitlin Kelly
Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

DOER.SMART@mass.gov

RE: Clearway Energy Group comments on Solar Massachusetts Renewable Target ("SMART") Program, 225 CMR 20.00, Emergency Regulations and Statement of Qualification ("SOQ") Reservation Period Guideline

Dear Ms. Kelly:

Thank you for the opportunity to provide comments on the SMART emergency regulations and SOQ Reservation Period Guideline, as filed on April 14, 2020.

Clearway Energy Group ("Clearway") is one of the largest renewable energy providers in the U.S., with more than 4.3 gigawatts of solar and wind energy assets in 25 states and a development pipeline of more than 9 gigawatts across the country. In Massachusetts alone, Clearway is a leading provider of community solar, with 161 MWdc of assets placed in service and dozens of additional megawatts in various stages of development. Our company's success in the Commonwealth – more than 10,000 commercial and residential customers, hundreds of millions of dollars in capital investment, over \$100 million in payments to cities and towns over the life of our assets, and the jobs at our Marlborough operations and maintenance hub – would not be possible without the leadership of the Baker Administration, and in particular the commitments to the green economy made by the Executive Office of Energy and Environmental Affairs and Department of Energy Resources ("DOER" or "Department"). We are particularly grateful for our collaborative long-standing partnership with the Department and its Staff.

Clearway concurs with comments filed by the Solar Energy Industries Association ("SEIA"), the Coalition for Community Solar Access ("CCSA"), the Northeast Clean Energy Council ("NECEC"), Mass Solar, the Solar Energy Business Alliance of New England ("SEBANE"), and Vote Solar filed collectively as the "Solar Parties." While we join with the Solar Parties to emphasize the importance of the issues they address in their comments,¹

¹ See Solar Parties' comments at p.3, "Issues Covered," including impact of new land use restrictions; the need to expand safe harboring to mid- and late-stage projects in development; the need for timely issuance of SOQs to affirm project viability; and stabilizing base compensation rates.

Clearway's comments, offered here separately, build on the Solar Parties' comments on two high-priority issues.

First, flexibility regarding subscriber requirements is critical given the unprecedented customer acquisition challenges brought on by COVID-19.

In a letter filed by the Solar Parties on May 8, 2020, DOER was alerted to COVID-19's impact on community solar customer acquisition. Since the filing of that letter, Clearway has been able to quantify the impact of Governor Baker's stay-at-home order and the halting of in-person sales on our customer acquisition efforts, and notes that for the months of March, April, and May 2020, the unit sales of community solar fell 95%. Based on the current climate, the experiences seen during the COVID period of March through May, and the anticipated intentional and conservative resumption of the economy in the post-COVID shutdown dynamic, Clearway expects de minimis new subscriptions in June and July. Due to the uncertainty of the timing associated with the Governor's four-phased reopening approach, any forecasts beyond then are highly speculative.

In particular, Clearway notes that in-person sales have been halted for more than two months now, and it remains unclear under the reopening plan as to when and if this common business practice for solar developers and other typical retail businesses will be able to resume, or under what conditions. Even after in-person sales resume, there will be significant societal upheaval for months to come as many residents relocate and change employment. These circumstances require flexibility in the currently mandated 90% subscription deadline, so that community solar project owners can continue to work toward that threshold in good faith and not be forced to abandon their community solar adder reservation or risk the new severe capacity block value penalty created in the emergency regulations.

The following simple administrative changes to the SOQ Reservation Period Guideline will help the community solar industry during these challenging times – without increasing program or ratepayer costs

1. The current SOQ Reservation Guideline states that if community solar applicants elect the indefinite SOQ extension pending Authorization to Interconnect, they must file their Incentive Claim within 10 days of receiving Authorization to Interconnect, or else the full SOQ will be cancelled. DOER should eliminate this 10-day requirement from the Guideline, which would instead allow project owners additional time to reach the 90% subscription threshold and file their Incentive Claim. Project owners are highly incentivized to reach the 90% as soon as possible so they can initiate SMART revenue, so no deadline is needed to encourage the right behavior. That said, if DOER believes a deadline is necessary, 12 months from Authorization to Interconnect to file Incentive Claim would be a more reasonable timeline to balance that necessity with the practical realities of the current market climate, assuming robust in-person sales are able to resume in 2020.
2. DOER should issue timely clarification, prior to the date of finalization of these emergency regulations, that if a community solar project were sent to the back of the SOQ queue as a result of failure to provide proof of 90% subscription at the time of Incentive Payment Effective Date, there would

automatically be capacity available, even if the relevant EDC's capacity blocks were full, because the capacity opened up by the project exiting the higher block would be automatically reassigned to that project at the lower block rate. DOER should also clarify that the project would still be eligible for the community solar adder, at the tranche level open at that time, should the project ultimately demonstrate 90% subscription. These clarifications are required because financing entities will consider the worst-case scenario in assessing project risk, and without certainty on the "backstop" value in the event of failure to meet subscription deadlines, most projects will fail to receive financing to proceed even if they have reasonable subscription plans in place.

Second, Clearway strongly urges DOER to support consolidated billing or net crediting to expand low-income community solar participation and improve the customer experience.

Earlier this year, National Grid filed its Community Distributed Generation ("CDG") Net Crediting Program Implementation Plan to the New York State Public Service Commission.² This new billing system provides community solar providers with the option to apply net community solar benefits directly on a customer's National Grid bill. By contrast, today, customers enrolled in community solar programs in Massachusetts, as well as New York, receive two bills: (1) a monthly utility bill with a credit for their share of the energy produced by the solar facility; and (2) a separate bill from the community solar provider for the subscription costs. While customers typically net approximately 10 percent savings based on the bill credits they receive, the two-bill experience continues to create needless customer confusion. Consolidated billing or net crediting, in the form being proposed by National Grid in New York or in some other manner, would enable a single bill for community solar customers.

Net crediting would help improve the SMART Program in three key ways. First, net crediting improves the customer experience for all subscribers, since they receive one bill instead of two, while being guaranteed savings. Second, by creating a parallel contract between the utility and community solar provider that covers for risk of customer non-payment, net crediting will unlock widespread participation in community solar by low-income customers, whose participation heretofore has been disappointingly low. Finally, net crediting benefits community solar providers as well as the EDCs, and has been supported by a broad set of stakeholders through its implementation in New York.

Importantly, net crediting will be essential for the opt-out municipal aggregation model for community solar to be a success.³ Without net crediting, a customer risks being opted into community solar by their municipality without their knowledge, whereby they would then suddenly start receiving a new second bill from a third-party community solar provider. Such customer confusion is needless and easily avoided. Net crediting would

² <http://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId=%7B81BDBA7C-78B0-40C1-A559-CA00AE8ECD4E%7D>

³ To date, the Department of Public Utilities has approved the participation of 163 municipalities in municipal aggregation programs. See <https://www.mass.gov/info-details/municipal-aggregation#approved-municipal-aggregations->

allow the relevant EDC to provide the customer a single bill that reflects the community solar subscription fee, and still guarantees savings, making for a much better customer experience.

Thank you very much for your consideration of these comments. Please contact me at dan.hendrick@clearwayenergy.com should you have any questions.

Sincerely,

/s/ Dan Hendrick
Head of External Affairs – East