



**Kyle Wallace**

Sr. Manager, Public Policy

Email: [kyle.wallace@vivintsolar.com](mailto:kyle.wallace@vivintsolar.com)

Attn: Kaitlin Kelly

Department of Energy Resources

100 Cambridge St, Suite 1020, Boston, MA 02114

**SMART Emergency Rulemaking Comments**

Vivint Solar appreciates the opportunity to submit comments on the SMART program changes as part of the 400 MW review process. Vivint Solar is a leading full-service residential solar provider in Massachusetts, with over 20,000 solar installations since 2012. Vivint Solar provides an end-to-end experience for customers from the design and installation of a system to flexible financing options including power purchase agreements, lease agreements, and customer ownership. In addition to solar, Vivint Solar also provides energy storage and electric vehicle charger options.

First, Vivint Solar applauds the Department of Energy Resources ("DOER") for significantly expanding the size of the SMART program to help achieve the Baker-Polito Administration's net-zero carbon goals. The SMART program has already driven significant solar and energy storage deployment in the state, and the added capacity can ensure a longer runway for the solar industry that will lead to increased investment in the state.

In addition to the comments here, Vivint Solar strongly supports the joint comments from SEIA, SEBANE, NECEC, Vote Solar, MassSolar and CCSA.

From a residential developer perspective, the additional 8 blocks (4 for Unutil) are welcome but based on the current program trajectory may be difficult to utilize. While the total compensation rate has only declined approximately 15-25% depending on the utility, the actual incentive rate paid to customers has declined over 40% since the start of the program due to increases in the value-of-energy calculations in 2019 and 2020 for behind-the-meter-systems and the rapid filling of blocks. The falling base compensation rate and rising value-of-energy-rate will end up making the SMART program a net loss for customers and developers in National Grid and Western Eversource as early as 2021. It is conceivable that in 2021 the incentive value for customers could be \$.01/kWh or less. National Grid started the program with an incentive rate of over \$.11/kWh but now has a value half of that in Block 5. Western Eversource started with a rate over \$.09/kWh and is now at approximately \$.04/kWh.

The reduction in the incentive rate has far outpaced any reduction in costs, particularly for residential developers who have been facing a saturated market, increasing interconnection-related upgrade costs, federal tariffs on solar panels and project equipment, the reduction of the federal Investment Tax Credit to 26%, and now the impacts from the Coronavirus pandemic.

The upfront participation costs of SMART (meter costs, equipment, application fees) may soon outweigh the net present value of the SMART incentive revenue stream over 10 years. It will also reach a point where the SMART incentive value is below the Class I REC value. Residential deployment will slow without a sufficient SMART incentive and the new 8 blocks may remain unfilled – with the associated RECs tied to that capacity undelivered to the EDCs. It makes sense for the state to encourage



participation in the SMART program for residential systems throughout all 16 blocks for both the transfer of associated RECs to the EDCs and the consumer protections built into the SMART program, but that will only happen if there is a financial incentive for the industry to continue to participate in SMART.

### **Recalibration of Incentive Values**

We strongly support SEIA's position on recalibrating the incentive values for the SMART program for all market segments. This is very important for the residential segment whose initial incentive values were tied to large-scale bid prices and then administratively modified with the 2x modifier. Residential-specific modeling should be conducted to ensure that the incentive values are appropriate and will lead to continued deployment of rooftop solar throughout all 16 blocks.

### **2% Decline**

Changing the decline in the total compensation rate from 4% to 2% is much needed to better reflect the reality that the industry is facing. However, we believe that this should take effect immediately for the next block transition for each utility. The incentive value is *already* too low in National Grid and Western Eversource, given where they are currently at in relation to the total block capacity, and by block 8 will provide little to no net present value. If the change only applies to the transition from block 8 to block 9, then the change will be almost meaningless for the small-scale segment because the incentive value will already be so low at that point.

### **Incentive Floor Value**

To prevent a situation where the incentive value provides a negative or zero net present value for developers or customers, it is worth exploring a floor incentive value to ensure that residential developers do not opt out of participating in the SMART program all together. A floor incentive value will provide certainty to customers and developers and be critical in ensuring that RECs continue to be delivered to the EDCs. This could be done through multiple ways including an adder that applies should an incentive value fall below a certain threshold which makes up the difference to the floor incentive value, applying the rooftop adder (or a new adder) to residential projects, or making changes to the value of energy calculation.

We appreciate the opportunity to provide these comments on the emergency regulations and look forward to continuing to participate in the SMART program to help the state meet its climate goals.

Sincerely,

A handwritten signature in black ink, appearing to read "Kyle Wallace".

Kyle Wallace  
Sr. Manager, Public Policy  
kyle.wallace@vivintsolar.com