

SMART Emergency Reg Testimony – SEBANE, Mark Sylvia

Thank you to the Department, Commissioner Woodcock, and staff for the opportunity to testify today. My name is Mark Sylvia and I am the President of Solar Energy Business Association of New England.

SEBANE is a regional business association working to accelerate solar and energy storage investments in Massachusetts and throughout New England. SEBANE represents companies of all sizes like Bluewave, SunBug, Boston Solar, and SunPower that invest in solar resources and energy storage technologies. Collectively, our members employ thousands throughout the state while investing millions annually.

First, we wanted to begin by thanking the Baker Administration for the swift actions providing economic relief opportunities as well as providing an extension on statement of qualification applications.

We also thank the DOER for doubling the capacity block targets to 3,200 MW all the while maintaining a collaborative approach to SMART improvements. These public engagement opportunities have provided the industry with transparent, frequent updates and clarifications that support more solar capacity in the Commonwealth.

Continuing to build upon this success, SEBANE encourages the DOER to consider a number of specific provisions that would further strengthen the solar industry and that will generate significant jobs and investment opportunities.

SEBANE's testimony today will cover three challenges and opportunities that would significantly enhance solar policy in Massachusetts by building upon the economic and social gains registered to date: 1) Revisions to Base Compensation Rates, 2) Improving the Energy Storage Adder, and 3) Achieving Long-Term Climate Goals.

Beginning with Base Compensation Rates – pent up demand for solar caused the initial SMART capacity blocks to fill immediately following several program implementation delays. This rush

of projects created a significant backlog and without safeguards and compensation rates improvements, we anticipate the backlog of projects to persist once the new capacity blocks are opened up. Furthermore, interconnection costs are dramatically increasing, burdening new projects with hefty upgrade costs despite the benefits these projects are providing to customers and grid reliability.

In the past, SEBANE has supported decreasing levels of incentives for projects over time but the current decline for Base Compensation Rates complicates solar investments. Despite the cost of solar dramatically decreasing over the last decade, installation and material costs for solar projects have not. Despite these challenges, the industry shows promising signs of a recovery but without Base Compensation Rates adequately reflecting economic realities this growth will be limited.

Striking a balanced approach, SEBANE believes enabling an independent 3rd party firm to analyze and assess economic realities, forecasts, and costs to consider possible revisions to Base Compensation Rates could alleviate unintended consequences that disincentivize solar development.

Next, I'd like to touch on a potential multiplier for smaller energy storage systems. As you may know, there exists a disparity between 10-year NPV of the Storage Adder for Small systems and the 20-year NPV for systems over 25 kW equivalent. When comparing the Net Present Value of those two incentive streams, it becomes clear that the NPV of the 20-year income stream is at least 1.6x greater than the 10-year incentive stream. DOER could consider increasing the size of the multiplier required to make the 10- and 20-year NPVs equivalent.

Finally, I'd like to highlight associations like SEBANE are helping to reach the Governor's Climate Goals. SEBANE stands at the ready to support to serve as a resource to assist in accomplishing the Governor's climate goals. Today's effort is another step in the right direction for the Commonwealth.

SEBANE believes these comprehensive policy solutions would encourage investments in a diverse portfolio of solar technologies. Thank you once again and happy to take any questions