

June 29, 2020

Patrick Woodcock, Commissioner
Massachusetts Department of Energy Resources
100 Cambridge St., Suite 1020
Boston, MA 02114

Re: SMART Guideline Comments

Introduction

Kearsarge Energy submits the following comments in response to a request for comments by the Massachusetts Department of Energy Resources (“DOER”) on several new and updated Guidelines in the Solar Massachusetts Renewable Target (“SMART”) Program. We have two topics regarding the Guideline Regarding Metering of Solar and Energy Storage Systems (“Guideline”) that we believe need to be directly addressed.

Specifically, we discuss:

- 1) Clarity on the use of each meter for the basis of calculating SMART incentive payments
- 2) Metering for ESS station power

As one of the few owners of an operating Solar Tariff Generation Unit (“STGU”) co-located with an Energy Storage System (“ESS”) which is eligible to receive an energy storage adder under 225 CMR 20.07(4)(c), we have firsthand experience with the complexities and importance of metering under the SMART Program. We hope the below recommendations will lead to a more robust Guideline with technical assistance for the benefit of developers and their financing partners.

1) Utilization of each meter in the SMART incentive payments

The SMART incentive payment is a key financial component for all participants to develop projects under the SMART Program and without it, the projects are not financeable. Furthermore, SMART was designed to make financing easier and repeatable. Therefore, without a clear unambiguous, reliable and consistent financing mechanism, the program will stall and projects with ESS may be in jeopardy of not being built. SMART incentive payments are calculated based on generation produced by the STGU. Co-located solar and ESS, which will be mandatory for all STGUs greater than 500 kw, add greater complexities with the additional meters and a Guideline that does not provide exact details on the utilization and interplay among these meters in calculating SMART incentive payments and any Alternative On Bill Credits leads to a great deal of uncertainty and misinterpretation, which renders the program unfinanceable. This lack of detail has already created a scenario where two Distribution

Companies have differing interpretations of calculating SMART incentive payments for the exact same project based on the SMART regulations and have caused significant confusion with developers, financiers and engineering and construction partners.

We ask that DOER provide a detailed description of how each distinct meter should be used in the calculation of the SMART incentive payments with differentiation given to both AC and DC coupled ESS. Providing this level of detail would be consistent with prior guidelines, especially when compared to the Guideline on Establishing SMART Compensation Rates, which very clearly describes how STGUs are to be compensated with detailed examples. The current lack of clarity on the utilization and interplay of meters in co-located solar and ESS systems and calculation of the SMART incentive payments is the huge impediment to the continuation and implementation of a successful and robust SMART Program that includes ESS.

2) Metering for ESS station power

DOER recently added “or coupled Energy Storage System” to the STGU definition under 225 CMR 20.02. While this inclusion seems small and clarifying, there is a great potential for this to impact SMART incentive payments. The Distribution Companies already reduce SMART incentive payments by the parasitic or station load utilized to operate an STGU by using the net production from the STGU meter during a billing cycle. With the inclusion of “or coupled Energy Storage System” into the STGU definition, we are concerned the Distribution Companies will interpret this change as further reducing the SMART incentive payments by the parasitic or station load utilized to operate a coupled ESS, in addition to the STGU.

The ESS meter will record charging and discharging of the ESS in addition to the ESS station load. If the Distribution Companies file tariffs to reduce the SMART incentive payments by the ESS station load based on this definitional change, our concern is the SMART incentive payment will be wrongfully reduced as the ESS meter does not actually distinguish the station load from the charging and discharging activity of the ESS. Therefore, the SMART incentive payment would be reduced by ESS use which is contradictory to the public policy mandate in requiring co-located systems.

Our recommendation is that the Distribution Companies must accept metering information from the owner of the ESS related to station service if it is the DOER’s and Distribution Companies’ intent to reduce the SMART incentive payment based on the STGU definition change. Any such requirement should be clearly reflected in the ESS Meter Guidelines as acceptable for adhering to the SMART Program.

Conclusion

As stated above, Kearsarge’s experience with the complexities of metering for STGUs paired with ESS and the LDC’s intents on determining revenue schemas, causes us to be extremely concerned with the lack of detailed information in the current draft of the Guideline. This lack of information is currently leading to competing interpretations and applications in calculating the SMART incentive payments among DOER and the Distribution Companies. The Guideline should clearly state the use cases and application that metering plays in the calculation of the SMART incentive payments with co-located systems, both AC and DC coupled. Without this detail, there is serious jeopardy to the understanding

and certainty to the value of the SMART incentive payments which underpin the entire SMART Program and the financial metrics with building, owning and financing such projects.

Sincerely,



Andrew Bernstein
Managing Partner
Kearsarge Energy
1200 Soldiers Field Road, Suite 202
Boston, MA 02134
abernstein@kearsargeenergy.com
(617) 393-4222