

BLUEWAVE

June 29, 2020

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

Re: Comments on the SMART Program Updated and New Guidelines

Dear Commissioner Woodcock:

BlueWave Solar thanks you for the opportunity to comment on the updated and new SMART guidelines the Department of Energy Resources (the Department) issued as part of the SMART emergency regulations. We greatly appreciate your engagement and accessibility throughout the development, administration, and review of the SMART program. We welcome further collaboration in the interest of deploying accessible, clean energy across the Commonwealth and together meeting our emissions reductions and renewable energy goals.

BlueWave is a community solar developer and services provider, which co-developed the first community solar projects in Massachusetts and continues to innovate for the benefit of our customers, landowners, and communities. BlueWave has developed over 135 MW of community and public solar. BlueWave currently manages over 1,500 SMART customers on community solar projects in Massachusetts. In total, BlueWave delivers customer acquisition and management services for over 200 MW of community solar, providing access to thousands of customers throughout Massachusetts, New York, and Minnesota.

BlueWave submits these specific comments in addition to supporting the public comments of the Joint Solar Parties. The updated and new guidelines released by the Department are an encouraging step forward to the continued success of the SMART program and the vibrancy of the solar industry in Massachusetts.

Guideline Regarding Low Income Generation Units

BlueWave appreciates the Department's concern about limited low income participation in the SMART program thus far. The proposed expansion of the definition of low income is a step in the right direction towards addressing barriers to low income participation. This expansion, however, does not go far enough in expanding access to community solar for low income residents in Massachusetts. The Department proposes expanding the definition of low income by the sole metric of income-qualified for Environmental Justice neighborhoods. However, the Massachusetts Executive Office of Energy and Environmental Affairs defines environmental justice populations as those that meet one or more of the following criteria:

- Block group, as identified through American Community Survey data whose annual median household income is equal to or less than 65 percent of the statewide median (\$62,072 in 2010); or
- 25% or more of the residents identify as a race other than white; or
- 25% or more of households have no one over the age of 14 who speaks English only or very well - English Isolation.

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Expanding the definition of low income within the SMART program to include these three criteria for Environmental Justice populations would align the regulation with existing Massachusetts policy. Not only would this provide ease of understanding under a common definition of low income and environmental justice residents, but would expand community solar access to more residents across the Commonwealth who stand to benefit from electric savings and clean energy.

While BlueWave encourages the Department to take these next steps in expanding low income access to community solar within the SMART program, we acknowledge that many barriers still exist when identifying, acquiring, and managing low income community solar customers. The Department, however, should enact changes that allow the SMART program's market structure to effectively deploy more community solar, especially to low income residents, on a level playing field for all participants rather than giving electric distribution companies (EDCs) an explicit or implicit advantage as result of their monopoly power.

Guideline Regarding Alternative Programs for Community Shared Solar Tariff Generation Units and Low Income Community Shared Solar Tariff Generation Units

In considering how to implement the community choice aggregation (CCA) + Low Income Community Solar approach, a new and important risk faced by solar projects is that a municipality will end its CCA within the 20-year SMART term. We would like to thank the Department for identifying this, and for laying out a mechanism in which a project can coordinate with the Department on an alternative if this event does occur. In addition to supporting this coordination mechanism as described in the guideline, we would like to encourage the Department to continue to considering alternatives to lining up a replacement municipality that would also enable a project to maintain its Low Income Community Solar status.

Consideration of and flexibility around additional options to address this risk are important for Low Income Community Solar to gain traction, as factors in the landscape may prevent additional municipalities with CCAs from being available. As a result of limited options, investors are likely to require high risk premiums to accept the potential costs and uncertainty, limiting value available to low income residents. While alternative options are not yet fully developed, we encourage the Department to continue discussions with stakeholders, share the design criteria that are necessary for potential options to qualify, and continue to work with stakeholders over time on innovation that can help lower risk and cost.

BlueWave encourages the Department to empower the market to serve low income customers and to avoid over-constraining the market or giving undue power to the EDCs. Market participants need effective structures that enable community solar deployment, and the chance to let those structures develop, evolve, and scale in a balanced, competitive marketplace. Net crediting is an established structure, enabled in several other states, that shows clear potential for expanding access to community solar by eliminating the payment risk from subscribers for community solar credits and giving customers a single access point through their utility bill. BlueWave recommends the following structures for a net crediting program operated by EDCs:

- In order to qualify for net crediting, a project has to demonstrate that it qualifies for SMART as a Community Solar or Low Income Community Solar TGU.
- 100% of the project must be allocated to small offtake.
- No termination fees.
- No long-term subscriber commitment (i.e. 60-day notice, enabled by associated monthly frequency of updating the subscriber participation schedules by the EDC).
- Guaranteed savings (i.e. net savings demonstrated for low income).

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Any utility-run program should focus – solely – on providing net crediting. This is the best path for EDC programs to enable low income community solar effectively. The Department should consider removing barriers to low income community solar access, such as through opt-in net crediting, before letting the EDCs take on more customer acquisition responsibility with less accountability. Utility involvement should be focused on improving the process for subscribers, both new and existing.

Many inefficiencies exist within EDC administration of SMART credits to community solar subscribers already. In our experience operating over 200 MW of community solar projects, our Operations team invests significant time and effort to identify errors and protect subscribers from a credit allocation experience that is marked by delays, unneeded expenses, and frequent subscriber frustration. These have been due to slow, manual, error-prone and generally inefficient EDC billing practices and mechanisms for data sharing between community solar servicers and utility staff. These could be directly addressed by utilities upgrading manual billing processes and data-sharing mechanisms, rather than creating new programs that compete for resources that already do not meet pre-existing needs. EDCs should not be incentivized to invest in their own programs while letting the services that other community solar projects rely upon malfunction. Allowing the EDCs to enter into competition with the market participants they enable, with a direct monopoly advantage in access to and relationship with customers, is in opposition to the Department's goal of increasing access to community solar.

In addition, community solar providers have a wealth of expertise and resources regarding customer engagement and how to attract and keep loyal subscribers. Inserting the EDC as a broker between the two threatens existing customer relationships and reduces customer confidence. Marketing and customer outreach are not natural monopolies where the participation of an EDC with an exclusive franchise will necessarily lead to improved service at lower cost. To the contrary, electricity customers benefit when private companies compete against each other on a level playing field to provide customer value. Furthermore, EDCs would have an unfair advantage in a competitive market and could give preference to projects that choose their service over those who do not select their offered service. Therefore, EDCs should not be permitted to perform customer acquisition services for low income or standard community solar, and should be kept focused on providing net crediting in the EDC-run programs.

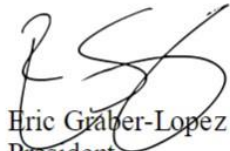
The alternative model through opt-out CCA provides community solar providers with access to customer bills through the aggregator, rather than the EDC. We encourage the Department to focus on our suggested route of empowering the competitive marketplace rather than writing a blank check to the EDCs for subscriber acquisition programs that have little definition and high potential for undesired consequences. If the Department continues with the EDC-led model approach, this option should be available to all community solar providers and their low income subscribers. Therefore, we recommend opt-in net crediting as a start to increasing community solar access for low income participants, and to prevent RFP structures run by the utility from participating in the SMART program.

Summary

We urge the Department to consider our feedback when further developing ways to expand low-income community solar access for SMART. We look forward to future opportunities for stakeholder input and collaboration with the Department. Please reach out to us with any questions. Thank you for your engagement, attention, and for the opportunity to comment.

Sincerely,

BLUEWAVE



Eric Graber-Lopez
President



Mark Sylvia
Chief of Staff