

**SMART Program Guidelines**  
**Joint Comments**  
**SEIA, CCSA, NECEC, and SEBANE**  
**June 29, 2020**

**Introduction**

The Solar Energy Industries Association (“SEIA”), Coalition for Community Solar Access (“CCSA”), Northeast Clean Energy Council (“NECEC”), and Solar Energy Business Association of New England (“SEBANE”) (hereafter referred to as the “Solar Commenters”) submit the following joint 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. The SMART Program is a key policy to support the deployment of clean energy across the Commonwealth, driving economic development, greenhouse gas reductions and the achievement of Massachusetts’ clean energy goals. The national, regional and state-based trade associations submitting these comments collectively represent hundreds of solar companies operating in the Commonwealth, their customers, and thousands of individuals supporting solar energy.

Specifically, we discuss:

- 1) the new consumer protection provisions, including how auditing of customer disclosure forms will be conducted;
- 2) proposed new mechanisms for accessing community solar through municipal aggregation and utility-run programs, and recommendations for improving existing community solar customer experience practices, including better data-sharing and improved billing and crediting practices;
- 3) the need for additional clarity around metering and settlement of solar and energy storage systems;
- 4) the carve-out for low-income participation and requirement for net savings for low-income participants; and

5) the Operational Requirements for energy storage.

## **1) Guideline on SMART Consumer Protection**

### **a) Enhance and Refine Consumer Protections**

The Solar Commenters believe that the solar industry is strengthened when solar companies earn the trust of the public by conducting business in a responsible manner, and recognize that strong consumer protections can help our members earn the public's trust. We and many of our members participated in last fall's solar consumer protection summit hosted by the Office of Attorney General ("AGO") and are committed to transparency and accountability in our servicing of customers. We support DOER's efforts to ensure that all solar consumers are protected by strong policies against unfair and predatory tactics.

According to the draft Guideline on SMART Consumer Protection regarding auditing of applications, DOER will conduct periodic, random audits of SMART Statement of Qualification Application ("SoQ") submissions and the required customer disclosure forms. If DOER's audit finds "material defects" as defined, DOER will issue a warning. If a SMART applicant is issued three warnings, or "the same material defect is found on more than one application," DOER will not allow the company to apply for a SMART SoQ for one year.

We appreciate DOER's efforts to define what would constitute an error worthy of a "strike" as material errors that would have a real impact on CSS customers. That said, there should be recourse for companies if the defects identified are in fact immaterial and do not impact the clarity, consistency, and accuracy of data being presented to customers about their CSS subscriptions. In almost all regulatory enforcement situations, companies have the opportunity to explain the mistake and present a plan for compliance to reduce the likelihood of the problem going forward. A company that inadvertently left information off a form, or included a minor discrepancy between the wording of the contract language and the wording of the disclosure language, may have made the same mistake with multiple customers that would require correction. As written, one system-wide error could lead to DOER prohibiting a firm from

participating in SMART altogether.<sup>1</sup> Therefore, an appeal process, and cure period, should be established before the one-year penalty is assessed.

Furthermore, it is important that DOER hold *customers* harmless in cases where a developer is suspended and may not apply for a SMART SoQ for one year. DOER should ensure that customers with existing contracts are not prevented from receiving program benefits or anticipated program benefits.

We note that the Guideline, as drafted, does not provide a timeframe after which a warning is retired from a developer's record. Thus, a developer could receive two warnings in one year, then not receive any warnings over the next three years, and receive a single warning and one-year ban four years later. As SMART is anticipated to run for multiple years, warnings should expire after two years to ensure that developers are not punished for issues that have been corrected for a long period.

We also note that the Guideline on Consumer Protection requires that low-income customers receive net savings and that evidence to support net savings be provided. We support this provision, including the 3% maximum annual escalator, and request clarity on the rate comparison. Because of the nature of utility rates and solar production, some months may not result in net savings but, overall, the project provides net savings over the course of a year. Clarity on the time period over which net savings must be demonstrated would be greatly beneficial to facilitate project development.

Recommendation: Multiple material defects of the same type identified in a single audit should be counted as one defect resulting in one warning, with the exception of misrepresented savings and undisclosed fees. Recognizing the penalty for three strikes is of significant consequence for applicants, we recommend DOER create an appeal process and cure period to provide an applicant the opportunity to explain how the errors occurred and why they may not have had an adverse impact on consumers. If DOER is satisfied that the errors did not cause confusion or were not otherwise deceptive, and in order to ensure that companies making a good faith effort to

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<sup>1</sup> The "three-strikes" rule could disproportionately penalize companies with high volumes of smaller scale installations. We recommend that DOER consider refining the "three-strikes" rule to reflect different market segments to allow for a more equitable application of the policy while continuing to protect consumers.

provide clear, consistent, and accurate information to customers are not penalized for unsubstantial errors, DOER should allow the applicant an opportunity to correct the error before imposing the year penalty. This way applicants could improve processes without fear of a one-year prohibition resulting from a single audit. In addition, DOER should retire warnings after two years and ensure that customers are not harmed from the penalty applied to a developer.

Furthermore, the Solar Commenters recommend that DOER publish the types of material defects found, without disclosing the identities of the applicants, to provide insight on the kinds of mistakes for which company compliance officers should be watchful. In general, industry feedback on audit findings will improve a firm's quality assurance auditing.

b) Allowance of Discretionary Extension of the Timeframe for Submitting Information to DOER For Audits

DOER requires the applicant provide all information requested as part of an audit within 10 business days. According to the Guideline, required information could include all customer contracts, representing a significant amount of information.

Recommendation: The Solar Commenters appreciate and support DOER's desire to conduct audits efficiently. Where an audit may require production of a significant volume of documents, an applicant may need more than 10 business days to comply. Accordingly, we recommend the DOER, at its discretion, provide an additional 10 days for applicants to produce necessary paperwork, upon the applicant's request.

c) Clarifying the Customer of Record

Recommendation: The Solar Commenters recommend adding a new field to the SMART Participant Customer Disclosure Form for the name on utility account and/or a checkbox that the community solar customer is a household member of the utility account customer. This field or checkbox could clear up confusion and provide additional flexibility where one member of a household (e.g., a spouse) executes the customer agreement and another member of the household is the registered utility account holder.

**2) Guideline Regarding Alternative Programs for Community Shared Solar and Low-Income Community Shared Solar Generation Units**

The Solar Commenters appreciate DOER's commitment to expanding access to community shared solar ("CSS") and low-income community shared solar ("LICSS") and exploring innovative ways to achieve those goals. CSS delivers unique benefits to residential and commercial customers in the Commonwealth, and it is critical that solar energy be available to all, regardless of housing or income status.

The Guideline Regarding Alternative Programs for Community Shared Solar and Low-Income Community Shared Solar Generation Units ("Alternative Programs Guideline") focuses primarily on eligibility and other requirements for participation in alternative CSS/LICSS programs through (a) a municipal aggregation or (b) an electric distribution company ("EDC"). DOER's June 10, 2020, stakeholder session on the Alternative Programs Guideline provided the industry its first visibility into the Department's thinking on how the programs would be structured and its rationale for proposing them and, while that webinar addressed some questions and concerns, others remain. Enabling alternative models to serve low-income residents with CSS can benefit all residents including low-income residents and ensure affordable access to clean energy is equitably achieved. To date, LICSS makes up just 2% of the MWs applied for in the SMART program and just 4% of the total community shared projects. Low-income residents would benefit tremendously from these projects. Low-income residents are disproportionately renters, live in urban areas, lack access to capital, or have housing with unsuitable roofs for onsite solar. We believe the development of flexible, innovative methods such as Community Choice Aggregation (CCA) to deliver the benefits of LICSS to low-income residents is a step in the right direction to address the challenges faced by developers in financing low-income CSS projects, which have resulted in so few of these projects being developed to date. However, it will be critical to ensure that CCA partnerships are properly designed to effectively serve customers including low income customers while continuing to leverage the expertise and competition within the community solar industry. Further, we have serious reservations about utilities being allowed to enter the CSS marketplace, especially because Massachusetts has been able to build one of the country's most successful CSS markets without utility entry into the competitive customer acquisition and management business.

- a) Provide Further Opportunity For Stakeholder Input Into Development of a Workable Municipal Aggregation Model for CSS

The Solar Commenters believe that CSS and municipal aggregation are generally compatible, if structured properly, and that an opt-out model could help achieve the scale necessary to create meaningful benefits for customers. However, the structure proposed in Massachusetts, as articulated in DOER's June 10 webinar, differs from that in other jurisdictions, and the relationship among the CSS generation unit, aggregator, and customer in a CSS/LICSS Program established through a municipal aggregation needs further stakeholder discussion and refinement. While auto-enrollment of customers through a Community Choice Aggregation ("CCA") can potentially bring the benefits of community solar to more customers, it may compromise customers' direct connection to a local community solar project and feeling of engagement in purchasing clean local energy. This connection is critical to empowering Massachusetts residents and businesses in taking more control of their energy choices and costs.

The Solar Commenters understand that, as envisioned by DOER, bill credits would not be supplied on the utility bills of customers in a municipal aggregation whose energy is supplied by community solar, as the only approved way to supply bill credits is through a Schedule Z or the Alternative On Bill Crediting (AOBC) mechanism. Rather, DOER is proposing a structure in which: 1) a community solar project receives per-kWh energy compensation from the utility as a SMART Qualifying Facility ("QF"); 2) the municipal aggregator receives a solar payment from the QF reflecting the per-kWh compensation; and 3) the customer pays an "adjusted" per-kWh energy rate.<sup>2</sup> This direct on-bill savings mechanism has benefits for low-income residents served through municipal aggregation, by providing lower rates on their electric bills versus requiring a low-income customer to sign a PPA. It could also solve one of the biggest financing challenges for LICSS projects.<sup>3</sup> However, DOER's proposed structure is not the only way to structure CSS partnerships with CCAs, and DOER should consider alternate approaches that maintain a more active role for community solar providers in directly serving customers, as community solar providers have built an expertise in doing so.

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<sup>2</sup> See Slide 6 in DOER presentation during June 10, 2020, public stakeholder session on "Guideline on Alternative CSS and LICSS Programs."

<sup>3</sup> We recommend that DOER work with the LICSS community to ensure that low-income customers understand the direct connection between their savings and a real LICSS project. This connection is critical to deepening residents' commitment to the Commonwealth's clean energy future.

One benefit of a SMART municipal aggregation program is that it could allow for more people to enjoy the savings that clean energy through a CSS project provides; however, it is not clear that, as proposed, the municipal aggregation program would provide substantial savings to all residential customers. If CSS savings are to be shared among all residential customers in the municipality, actual savings realized by each individual participant also may be minimized.<sup>4</sup> Finally, because municipal aggregation contracts are not 20-year contracts, it is important to ensure that SMART QFs operating as community solar projects would be compatible, over the life of their SMART contracts, with typically shorter-lived CCA contracts.

Recommendation: DOER should move forward with innovative structures along with improvement to existing structures in an effort to increase participation in the SMART Program by as many customers as possible, including LI customers. However, more engagement with stakeholders, including the community solar industry, is needed to develop a flexible, workable model that can preserve a strong relationship between CSS providers and their customers, and that ensures that the flow of benefits from the project to the customer is well-understood.

b) The Department Should Reconsider Entry of a Regulated Distribution Company Into a Competitive Customer Management Market

Generally, EDCs should help facilitate customer-centric distributed solar markets rather than participating in them, and any expansion of a utility's role into a competitive market should only be to address a clear market failure. Even in the case of a demonstrated market failure, a utility's entrance into the competitive market still should be only upon demonstration that it can fill that void, and is best positioned to. In this case, the Alternative Programs Guideline paves the way for an EDC to operate not only a CSS program for low-income participants, who to date due to underlying market deficiencies have not been well-served under SMART, but also a standard CSS program, which, as mentioned above, is well-served by the existing competitive marketplace. While the Solar Commenters recognize that the Guideline addresses only eligibility

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<sup>4</sup> General Laws c. 164, § 134(a) requires a municipal aggregation plan to provide for equitable treatment of all customer classes. The Department of Public Utilities (DPU) has stated that this requirement does not mean that all customer classes must be treated equally; rather, customer classes that are similarly situated must be treated equitably (D.T.E. 06-102) DPU allows for varied pricing or terms and conditions among different customer classes to account for the disparate characteristics of each customer class (D.P.U 12-124).

and related requirements and that it is the purview of the Department of Public Utilities (“DPU”) to consider any formal utility proposal, we would like to raise a number of broad concerns related to the possibility that utilities enter the competitive community solar marketplace.

Massachusetts has built a vibrant community solar marketplace, and the Solar Commenters do not believe DOER has articulated a satisfactory justification for introducing an EDC-led CSS offering, particularly non-low-income CSS. Such a model threatens to undermine the integrity of the community solar market by reducing the type of market competition that lowers costs for consumers and creates a positive customer experience.

When a regulated monopoly with a captive rate base enters a competitive market, one of several outcomes is likely. First, the monopoly could undercut the competitive marketplace and offer similar services at a lower cost, driving out the competitive industry. In such an instance, without competition, the monopoly has no incentive to innovate or otherwise work to provide the best possible customer experience. Alternatively, the utility could charge fees above the market rate, resulting in little direct impact to other competitive market players, but at a cost to ratepayers – who will have been forced to support their electric utility’s foray into a business segment they were not designed to serve.<sup>5</sup>

c) The Commenters Support Utility Facilitation of the SMART Community Solar Program, and the Low-Income Community Solar Program

Stakeholders generally agree that the benefits of community shared solar have not flowed equitably to low-income customers in Massachusetts, and DOER has taken a step in the right direction in creating a carve-out to ensure minimum low-income participation and more broadly defining who qualifies as a low-income customer. Still, it is not clear that a utility-administered community solar program for low-income participants is the best approach. Utilities have a mixed history of working in low-income communities and little history of successfully educating and acquiring potential customers for an energy product.

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<sup>5</sup> In light of the extensive challenges related to DG interconnection, EDC efforts and resources would be better directed at solving these challenging issues rather than entering into an already vibrant CSS market.



However, recognizing that utilities can help the existing community solar marketplace more efficiently serve low-income families and all customers, we recommend DOER convene a billing and crediting community solar working group to identify how industry and stakeholders can collaborate to improve the existing CSS program. Rather than attempting to develop expertise in customer education, acquisition, and subscription management, which fall squarely outside of utilities' core competencies, the Solar Commenters believe that the marketplace would be better served by the EDCs focusing on several critical areas where they currently fall short in serving existing community solar participants. These areas include billing and crediting practices, data-sharing, and the frequency of subscriber list updates.

Massachusetts utilities have a history of billing and crediting errors, including misapplying or delaying credits on customers' bills. From 2017-2020, data collected by three leading community solar companies showed that over 10,000 customers have experienced or continue to experience late or inaccurate bill credits, with approximately \$8.6 million to date in misapplied or missing credits. In this vein, improved and consistent information-sharing is needed to ensure the customer acquisition process is as seamless as possible and that the customer onboarding process is a positive one.

In addition to improved billing and crediting practices and standardized information-sharing across utilities, utilities should also provide monthly updates to the AOBC Allocation and Schedule Z forms.<sup>6</sup> More frequent updates than are currently provided by utilities allow customers to more quickly adjust their share of a community solar farm to ensure they maximize their savings through community solar participation, and when needed, more quickly cash out their credits. Other community solar markets allow monthly updates, including New York, where National Grid operates, and stakeholder groups that include EDCs, regulatory staff, and industry are working to improve the accuracy and timeliness of bill credit application, including through the upgrading of billing systems.

While the Solar Commenters believe DOER has not offered sufficient justification for utilities to enter the marketplace, if utilities are allowed to, they should not be given the ability to prioritize their own program over servicing the market for other community solar providers. Further, the

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<sup>6</sup> In the case of the Schedule Z, the Solar Commenters acknowledge it is DPU, rather than DOER, that has jurisdiction over the allocation of net metering credits.

data and customer access afforded utilities as a regulated monopoly should be made available to other market participants. The Solar Commenters recommend that the Guideline explicitly direct that such data and access be allowed for all community solar providers, with appropriate privacy protections.

Recommendation: The Solar Commenters recommend that DOER create a billing and crediting working group to identify how industry and low-income stakeholders can collaborate to improve the CSS program through increased data-sharing, enablement of customer-to-project matching, and other improvements. We also ask that the Alternative Programs Guideline explicitly direct EDCs to share relevant data with all community solar providers, with appropriate privacy protections, to ensure a level playing field.

### **3) Guideline Regarding Metering of Solar and Energy Storage Systems**

The Guideline Regarding Metering of Solar and Energy Storage Systems (“Metering Guideline”) provides welcome optionality for developers to install, own, and operate Solar Tariff Generation Unit (“STGU”) production meters that meet certain accuracy requirements. We appreciate DOER’s issuance of the Metering Guideline and support the proposed accuracy requirements, confirmation of customer-owned meters, as well as the continued focus on reducing development costs. To date, the requirement for utility-owned metering equipment adds substantial cost, at ratepayer expense, to project installations as the additional meter, wiring, and installation costs are often redundant to the customer-owned metering. This Guideline will allow for project cost reductions by allowing for a broader range of metering equipment to be used by developers, which can drive further innovation and reduce the costs for SMART customers and ratepayers generally. Further, this change will eliminate the delays that were often associated with scheduling EDC installation of metering equipment, which can require multiple utility and developer truck rolls.

Lastly, many other programs allow for customer-owned metering. ConnectedSolutions, administered by the MassSave Program Administrators (including the same EDCs participating in SMART), allows for customer-owned metering solutions. The same will be true for the Clean

Peak Standard, which has at least the same level of metering complexity as SMART.<sup>7</sup> Further, ISO-New England (“ISO-NE”), the regional grid operator, provides for customer-owned metering for demand, hybrid, and other resources.<sup>8</sup> Allowing for customer-owned metering in SMART would align the program with many of the other incentive programs and markets through the Commonwealth and the region.

The Metering Guideline outlines appropriate accuracy requirements and is welcomed by industry. The Solar Commenters have three issues with the Metering Guideline for which resolution would provide further clarity and eliminate outstanding ambiguities.

First, the Metering Guideline appears to apply only to STGUs that are co-located with an Energy Storage System (“ESS”). We recommend that the Metering Guideline apply to all STGUs. This simple change would allow all projects participating in the SMART Program to choose the metering option that is most applicable to each project, which would increase deployment, reduce costs, and improve the solar customer experience through greater efficiencies. The benefits of allowing customer-owned metering are not confined to solar-plus-storage installations, and will accrue for solar-only installations as well. We thus recommend the following redline language:

“This Guideline applies to all Solar Tariff Generation Units (“STGUs”), **including those** that are co-located with an Energy Storage System and are eligible to receive an energy storage adder under 225 CMR 20.07(4)(c).”

Second, while the Metering Guideline provides welcome flexibility, there are a number of outstanding metering ambiguities that continue to frustrate development and would benefit from explicit DOER guidance. Specifically, there is ongoing ambiguity and lack of continuity across EDC territories with regards to the metering configurations and settlement for solar-plus-storage arrangements. DOER guidance that clarifies and standardizes metering requirements will provide the certainty necessary for the increasing storage deployment that will be required in the updated SMART Program. This Guidance should address all solar-plus-storage arrangements, including DC coupled solar-plus-storage, as well as AC coupled solar-plus-storage that may be

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<sup>7</sup> 225 CMR 21.05(2)

<sup>8</sup> Smith, Doug, et. al., *Market Participation Options for Combined Intermittent/Electric Storage Facilities*, (ISO New England) April 2020.

participating in the SMART Program. The potential arrangements include: (1) AC coupled with no market participation; (2) AC coupled with no market participation and dedicated station service; and (3) AC coupled with market participation and no dedicated station service; (4) AC coupled with market participation and dedicated service; (5) DC coupled with no market participation and no independent ESS station service; (6) DC coupled with no market participation, with independent ESS station service; (7) DC coupled with market participation and no independent ESS station service; and (8) DC coupled with market participation and with independent ESS station service. Within each of these configurations, the Metering Guidance should address which meter is used to settle each of the payment streams so developers have confidence regarding program revenues and development costs. Without standardization from DOER, the differing treatment by each EDC will continue to frustrate the deployment of storage through the SMART Program. The Metering Guidance should also explicitly allow for customer-owned DC meters and third-party reading of DC meters.

Third, the Metering Guidance should explicitly permit for third-party meter reading to prevent any ambiguity in the SMART Program. Since EDCs have consistently expressed an unwillingness or inability to read customer-owned meters, customers or their agents must be permitted to do so. Since DOER has permitted customer-ownership of meters it is essential that customers or their designated agents be permitted to read the meters. Precedence for this exists in the Open Access Transmission Tariff for the Independent System Operator for New England that permits the project to assign a meter reader that is not the Host Participant (Transmission Owner). We recommend that DOER amend the Metering Guidance to explicitly provide for third-party meter reading.

#### **4) Guideline Regarding Low-Income Generating Units**

The Solar Commenters support the work that DOER has done in the SMART Emergency Regulation to create a minimum set-aside for low-income-related solar projects and expand the definition of “Low Income.” We also support the requirement that solar projects serving low-income customers provide net savings.

As stated above, the Solar Commenters appreciate DOER’s commitment to increasing participation in LICSS projects. Overall, other methods that would lead to higher low-income

enrollment, such as streamlined billing approaches, should also be explored. Consolidated billing with purchase of receivables, or a net crediting model such as in New York, has the potential to remove obstacles to community solar participation, particularly among low-income customers but also more broadly, as well as the potential to lower soft costs associated with community solar deployment.<sup>9</sup>

To facilitate these discussions, we believe DOER should establish a low-income community solar working group to identify how industry and low-income stakeholders can collaborate to improve the existing program. This working group would identify solutions to the existing challenges that face low-income community solar programs, from customer-matching and eligibility verification to ensuring utility billing systems do not interfere with community solar participation.

Finally, we believe that the limitation that a <25kW low-income STGU must be on a utility's R2 (low-income) rate to qualify for the low-income tariff should be reconsidered. There are and will continue to be a number of small solar systems located on low-income housing facilities at which the utilities are not paid by the tenants, and the facility is not on the R2 rate, and are thus prohibited from leveraging access to the low-income tariff. If such a facility can prove through a deed or other legal documents that it exclusively serves low-income tenants, then this should serve as an alternate means for satisfying DOER's low-income eligibility requirements. We urge DOER to provide an exception to the Eligible Low Income Generation Units for systems that meet this narrow criteria.

## **5) Operational Requirements in the Guideline on Energy Storage**

DOER has an opportunity to improve its Guideline on Energy Storage in ways that will deliver greater system benefits and efficiency. The existing and revised language in 2)(e)5. of the Guideline on Energy Storage is creating confusion in the marketplace and is jeopardizing creative use cases for storage that could potentially result in higher overall ratepayer benefits.

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<sup>9</sup> The New York Public Service Commission approved the net crediting model of consolidated billing in December 2019, saying it "identified consolidated billing as an opportunity to reduce the need for two bills and, therefore, the soft costs associated with [Community Distributed Generation] and thereby allow greater customer participation in the program." It is mandatory for net crediting to be offered by utilities, and optional for shared solar providers to use.

The revised language in 2)(e)5. of the Guideline on Energy Storage states:

“Operational Requirements. The Energy Storage System must discharge at least 52 complete cycle equivalents per year, or must participate in a demand response program, and must remain functional and operational in order for the Solar Tariff Generation Unit to continue to be eligible for the energy storage adder. If the Energy Storage System is decommissioned or non-functional for more than 15% of any 12-month period, the Department may disqualify the Solar Tariff Generation Unit from continuing to receive the Energy Storage Adder.”

The language in this section requires clarification to provide certainty to developers. Despite the stated requirement to cycle 52 times, the Guideline on Energy Storage ties the disqualification of the STGU from receiving the Energy Storage Adder to an entirely separate requirement, namely that the storage must not be non-functional or decommissioned for more than 15% of any 12-month period. The consequence of being functional for the entire year but cycling fewer than 52 times is not explicit. It is also unclear what metric DOER is using to assess whether an ESS is non-functional and whether DOER will measure the 15% by hours (*i.e.*, more than 15% of 8,760) or days (*i.e.*, portions of more than 15% of 365 days). While this may seem like an inconsequential nuance, project financiers require a clear understanding of exactly which circumstances could lead to a loss of the Energy Storage Adder.

Moreover, while the Solar Commenters support the requirement to stay commissioned, and functional, we are concerned that one year of poor performance could result in losing the Energy Storage Adder in perpetuity, with no ability to cure the non-performance. A mechanism to cure non-performance is important because it provides confidence to project owners that will allow them to leverage the storage resource to capture value streams outside of SMART participation, e.g., wholesale market participation (which is among the greatest potential sources of ratepayer benefits). Without a cure mechanism, the Operational Requirements create a risk-averse mentality from financiers, such that project developers may not be able to utilize the energy storage for additional value streams beyond the Energy Storage Adder. Thus, while DOER’s Operational Requirements are reasonable, the stringency of the penalty could detract from the ratepayer benefits that are at the core of the SMART Program’s objectives.

Finally, the Solar Commenters support the efforts of the ongoing stakeholder process between developers, utilities, DOER, and ISO-NE to address metering and compensation of DC-coupled solar plus storage systems through proper. The Emergency Regulations and Guidelines do not fully address round trip efficiency calculation and compensation to provide fair treatment for both DC-coupled systems and AC-coupled systems. The Solar Commenters understand that DOER is fully aware of these concerns and has been a valuable participant in the stakeholder process to address them. We recommend that DOER supplement those efforts by addressing in its Energy Storage Guideline compensation for round trip efficiency based on calculations using DC-metered values for DC-coupled solar plus storage systems, which would send a clear signal to the DPU that the EDCs' SMART tariff should address these concerns.

Recommendation: The Solar Commenters recommend that DOER modify the Operational Requirements to clarify that the first time an ESS is 1) decommissioned; 2) remains non-functional for more than 15% of the hours in a single year; or 3) does not discharge at least 52 complete cycle equivalents per year, the STGU will lose its Energy Storage Adder for that entire calendar year. Upon a second violation, the STGU would permanently lose the adder, with no cure.

This recommendation provides strong teeth to enforce the Operational Requirements and ensures the storage receives no compensation for non-performance, while providing for limited flexibility in case of an unanticipated event. This modification will likely also ease the concerns from the financing community regarding wholesale market participation, resulting in more active participation and ratepayer benefits.

## **Conclusion**

Thank you in advance for your consideration of these comments. Our organizations appreciate DOER's commitment to our industry and our customers – your residents and businesses. We remain committed to helping Massachusetts achieve its clean energy objectives through the SMART Program, and look forward to working with the Department and all stakeholders. Please feel free to reach out to Erika Niedowski at [erika@communitysolaraccess.org](mailto:erika@communitysolaraccess.org), on behalf of the Solar Commenters, with follow-up questions or for additional information.

Respectfully submitted,

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