

Dear Director Judge and Ms. Kelly:

Borrego Solar Systems, Inc. is a member of SEIA, NECEC, SEBANE, and CCSA, and fully supports the comments submitted by these associations on the DOER's proposed guidelines for the SMART program. We write separately to share our view of the importance of establishing a fair methodology for ranking larger project applications that are received on the first day of the program.

As you know, the SMART program has been delayed several times since DOER announced it would be developing a successor to the SREC II program. For example, when DOER announced the proposed new structure for the successor program in September 2016, DOER estimated that the program would be open in the summer of 2017. The program is now likely to open nearly a year later, in the summer or fall of 2018 (assuming that the ongoing DPU process does not result in further delays). Although the SREC II program has remained open during the interim, the combination of successive declines in SREC factors, the exceedance of the net metering caps in many utility territories, and the exceedance of the SREC program's cap on managed growth projects has all but stalled the non-residential solar market in Massachusetts.

Given the lengthy timelines involved in identifying sites, negotiating leases, receiving non-ministerial permits, and securing interconnection agreements, developers began diligently preparing projects in anticipation of the advertised opening of the new program as early as September of 2016, when the new program was announced. These developers--including Borrego Solar--have expended significant funds to secure leases, permits, and interconnection agreements to prepare their projects to be shovel-ready when the program opens. As the new program has continued to be delayed, our investments in these projects have remained on our books for months without the ability to recoup these investments. We made these investments under the good faith understanding that had the program opened on time, these more mature projects would have been the first in line to secure an incentive.

However, DOER's current proposal for ranking projects on the day the SMART program opens could upset the expectations of developers like Borrego Solar by potentially ranking less mature projects *ahead* of projects that were shovel-ready months earlier. Specifically, DOER's proposal to use only the date of execution of the interconnection agreement, rather than the full project maturity criteria (including site control and non-ministerial permits), would allow developers who secured early interconnection applications but did not expend resources on permitting their projects until very late to receive a *higher* rank than developers who diligently moved through the interconnection and permitting process, and who would have been eligible for an earlier block had the program actually opened on time.

We submit that this outcome would be unfair to those developers who took DOER at its word and worked diligently to prepare their projects for the expected open date. It would also be incongruous with the approach that DOER has adopted for ranking projects

after the first day of the program: for all other SMART projects, access to the capacity block will be based on the date of application, which can only be made when the *last* of the three key requirements—site control, permits, and interconnection agreement—has been secured.

To avoid this unfair outcome, we recommend that DOER revise section 3)(a)(ii) of the SQ Reservation Period Guideline to read as follows:

ii) Large Solar Tariff Generation Units: Applications for systems over 25kW will be ordered according to the later of:

- 1. the execution date on the Generation Unit's Interconnection Service Agreement,**
- 2. the date on which a sufficient interest in real estate or other contractual right to construct the Solar Tariff Generation Unit at the location specified in the Interconnection Service Agreement was secured; and**
- 3. the date on which all necessary governmental permits and approvals to construct the Solar Tariff Generation Unit with the exception of ministerial permits were received.**

We truly appreciate the hard work that has gone into the design of the SMART program, and look forward to working with you to ensure its successful implementation.

Sincerely,



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