

# Solar Massachusetts Renewable Target 3.0 Annual Program Year Report: Program Year 2025



Massachusetts Department of Energy Resources

August 2025

# Table of Contents

Introduction .....	4
Annual Program Year Report: Program Year 2025.....	4
Annual Capacity Block .....	4
Capped Capacity .....	4
Uncapped Capacity .....	5
Capacity Allocation.....	5
Capacity Set Asides .....	6
Base Compensation Rates .....	7
Compensation Rate Adders .....	8
Flat Incentive Rates for $\leq 25$ kW AC .....	10



## Acronyms

AC	Alternating Current
CSS	Community Shared Solar
CREST	Cost of Renewable Energy Spreadsheet Tool
DOER	Department of Energy Resources
EDC	Electric Distribution Company
kW	Kilowatt
MW	Megawatt
SEA	Sustainable Energy Advantage, LLC
SMART	Solar Massachusetts Renewable Target
STGU	Solar Tariff Generation Units



## Introduction

On June 20, 2025, DOER filed emergency regulations establishing the SMART 3.0 Program under 225 CMR 28.00<sup>1</sup>. A key change in the SMART 3.0 Program is the yearly setting of the Program Year's attributes through the publication of the Annual Program Year Report under 225 CMR 28.05(2). The Annual Program Year Report sets the following attributes for the Program Year: the Annual Capacity Block, annual capacity allocation between EDC service territories, capacity set asides, the Base Compensation Rates, the Compensation Rate Adder values, the Flat Incentive Rate for STGUs less than or equal to 25 kW, and the adder value for Low Income STGUs less than or equal to 25 kW.

All capitalized terms in this report are defined terms under 225 CMR 28.00.

## Annual Program Year Report: Program Year 2025

Under 225 CMR 28.05(2)(b), Program Year 2025 will be from October 15, 2025, to December 31, 2025. Given the short timeframe between the release of SMART 3.0 and the start of Program Year 2025, 225 CMR 28.05(2) sets out a distinct process for the first Annual Program Year Report.

Program Year 2025's Annual Program Year Report is based on the analysis performed by Sustainable Energy Advantage, LLC (SEA) and summarized in the [\*Evaluation of Solar Costs and Needed Incentive Levels across Sectors from 2025-2030\*](#). This analysis was published on the Department's website on July 10, 2024 and was used to prepare the [\*Solar Massachusetts Renewable Target \(SMART\) Straw Proposal\*](#).

## Annual Capacity Block

### Capped Capacity

Per 225 CMR 28.05(3)(a), Program Year 2025 will have **900 MW AC** of available capacity for STGUs subject to the capacity cap.

---

<sup>1</sup> DOER filed an updated version of 225 CMR 28.00 with the Secretary of the Commonwealth on August 28, 2025, which will go into effect upon publication in the Massachusetts Register on September 12, 2025.

The pending phase-out of federal Investment Tax Credits for solar projects that do not reach certain construction or investment milestones prior to July 2026 require adjustments to SMART 3.0. To ensure there is sufficient capacity available under the SMART program to capture all projects that can meet the federal criteria to retain Investment Tax Credit eligibility, thus saving ratepayer dollars, DOER established a 900 MW capacity block for Program Year 2025.

## Uncapped Capacity

Per 225 CMR 28.05(3)(c), STGUs less than or equal to 25 kW and Behind-the-Meter STGUs greater than 25 kW and less than or equal to 250 kW shall not count toward the Annual Capacity Block unless DOER imposes a capacity set aside for those project types. For Program Year 2025, DOER will not impose a capacity set aside for those project types and therefore the following STGU types will not be subject to the capacity cap and may submit applications for Program Year 2025 without regard to the capacity cap:

- $\leq 25$  kW AC
- Behind-the-Meter STGUs  $> 25$  and  $\leq 250$  kW AC

## Capacity Allocation

Per 225 CMR 28.05(4), each EDC will be allocated at least 5% of the available capacity block. The remaining capacity will be allocated proportional to the total retail electric load served to Massachusetts customers by each EDC. The distribution of capacity for Program Year 2025 is based on the March 2025 retail electric load of each EDC.

The 900 MW AC of capacity available under the 2025 capacity block will be allocated amongst the three EDCs' territories as follows:

**Table 1: Program Year 2025 Capacity Allocations**

<b>Electric Distribution Company</b>	<b>Percentage of MA Electric Load Served</b>	<b>Percentage of Capacity Block</b>	<b>Total Available Capacity</b>
Eversource	51.78%	49.01%	441.12 MW
National Grid	47.23%	45.15%	406.31 MW
Unitil	0.99%	5.84%	52.57 MW

## Capacity Set Asides

Per 225 CMR 28.05(5), a minimum percentage of the available capacity block will be set aside annually for the following STGU types:

- Standalone STGUs >25 kW and ≤250 kW
- STGUs >250 and ≤500 kW
- Low Income Property STGUs
- Community Shared Solar STGUs

The percentages set aside for the above STGU types will stay the same throughout the Program Year, and DOER will not reassign unused capacity from one set aside category to another during the Program Year. These set asides are minimum percentages. DOER will continue to accept applications for STGU types above these minimum set aside amounts if there is unallocated capacity available in that Program Year's Annual Capacity Block.

For Program Year 2025, DOER retained the minimum percentages from 225 CMR 28.05(5) to establish a baseline for program participation rates. Future set aside percentages may be informed by the participation rates from the first Program Year. The capacity set asides for 2025 will be as follows:

**Table 2: Program Year 2025 Set Asides**

STGU Type	Percentage of Capacity Block	Total Capacity
Standalone >25 and ≤250 kW; and >250 and ≤500 kW	10%	90 MW
Low Income Property	10%	90 MW
Community Shared Solar	15%	135 MW

These capacity set asides will then be distributed between the EDCs' available capacity according to their respective capacity allocations:

**Table 3: Program Year 2025 Set Asides by EDC**

STGU Type	Unitil	Eversource	National Grid
Standalone >25 and ≤250 kW; and >250 and ≤500 kW	5.26 MW	44.1 MW	40.64 MW
Low Income Property	5.26 MW	44.1 MW	40.64 MW
Community Shared Solar	7.88 MW	66.16 MW	60.95 MW

## Base Compensation Rates

For Program Year 2025, the Base Compensation Rates for STGUs >25 kW AC are based on the levelized revenue requirements for each project size category and take into account the following inputs:

- Capacity factor and production degradation
- Installed costs

- Financing costs
- Operation and maintenance costs
- Project management costs
- Land lease costs
- Incremental operating and capital expenditure costs for certain project types

The full methodology for calculating the levelized revenue requirements, using the Cost of Renewable Energy Spreadsheet Tool (CREST) Model, can be found in slides 15-29 of SEA's [report](#).

The Base Compensation Rates for Program Year 2025 will be as follows:

**Table 4: Program Year 2025 Base Compensation Rates**

STGU Capacity	Base Compensation Rate (\$/kWh)
>25 and ≤250 kW AC	0.2821
>250 and ≤500 kW AC	0.2482
>500 and ≤1,000 kW AC	0.2113
>1,000 and ≤5,000 kW AC	0.1729

## Compensation Rate Adders

The Compensation Rate Adders for STGUs >25 kW AC are based on the levelized incremental revenue requirements for each project type. Further details on the analysis of each project type can be found in slides 45-61 of SEA's [report](#).

Projects may only qualify for one location based adder and one off-taker based adder at a time. The one exception is for Brownfield projects, which may qualify for one additional location based adder.

The Compensation Rate Adders for Program Year 2025 will be as follows:



**Table 5: Program Year 2025 Compensation Rate Adders**

Adder Type	STGU Type	Adder Value (\$/kWh)
Location Based	Brownfield	\$0.03
	Building Mounted	\$0.03
	Canopy	\$0.08
	Dual-use Agricultural	\$0.08
	Floating <sup>2</sup>	\$0.03
	Landfill	\$0.06
	Large Building Mounted ( $\geq 900$ kW AC) <sup>3</sup>	\$0.04
	Raised Racking <sup>4</sup>	\$0.04
Off-taker Based	Community Shared	\$0.07
	Low Income Property	\$0.04
	Public Entity <sup>5</sup>	\$0.04
Other	Pollinator <sup>6</sup>	\$0.0025
	Solar Tracking <sup>7</sup>	\$0.01
	Energy Storage	Variable

---

2 SEA's analysis did not include the Floating STGU adder. DOER retained the same adder value from the previous version of the SMART program under 225 CMR 20.00.

3 DOER introduced the Large Building Mounted STGU adder after the completion of SEA's analysis. The adder value is based on the Building Mounted STGU adder.

4 DOER introduced the Raised Racking STGU adder after the completion of SEA's analysis. The adder value is based on the Building Mounted STGU adder.

5 SEA's analysis did not include the Public Entity STGU adder. DOER retained the Tranche 1 adder value from the previous version of the SMART program under 225 CMR 20.00.

6 SEA's analysis did not include the Pollinator Adder. DOER retained the Tranche 1 adder value from the previous version of the SMART program under 225 CMR 20.00.

7 SEA's analysis did not include the Solar Tracking Adder. DOER retained the Tranche 1 adder value from the previous version of the SMART program under 225 CMR 20.00.

## Flat Incentive Rates for $\leq 25$ kW AC

To simplify program participation for residential participants, 225 CMR 28.05(7) establishes a flat \$/kWh incentive rate for all STGUs  $\leq 25$  kW AC.<sup>8</sup> STGUs serving Low Income Customers will receive an adder on the Flat Incentive Rate.

The Flat Incentive Rate is intended to compensate the system owner for the Renewable Energy Certificates that the EDC retains from their system. The \$/kWh value is locked in at the time of qualification and is guaranteed to the system owner for a 20-year tariff term.

For Program Year 2025, the Flat Incentive Rates will be as follows:

**Table 6: Program Year 2025 Flat Incentive Rates**

STGU Type	Flat Incentive Rate
STGUs $\leq 25$ kW AC	\$0.03/kWh
Low Income STGUs	\$0.06/kWh

---

<sup>8</sup> DOER introduced the concept of a Flat Incentive Rate for less than or equal to 25 kW STGUs after the completion of SEA's analysis. The analysis of levelized revenue requirements for projects  $\leq 25$  kW AC is summarized in slides 31-36 of Sustainable Energy Advantage's report.