

July 25, 2025

Grace Fletcher

Department of Energy Resources

100 Cambridge Street, 9<sup>th</sup> Floor

Boston, MA 02114

Comments submitted electronically to:

[DOER.SMART@mass.gov](mailto:DOER.SMART@mass.gov)

*RE: Kearsarge Energy SMART 3.0 Public Comments*

Dear Ms. Fletcher,

Thank you for the opportunity to provide comments on 225 CMR 20.00, the Solar Massachusetts Renewable Target Program (“SMART 2.0”), and 225 CMR 28.00, the Solar Massachusetts Renewable Target Program 3.0 (“SMART 3.0”) draft regulations.

Kearsarge Energy (“Kearsarge”) is a solar and energy storage developer and owner-operator based in Boston, Massachusetts with a focus on serving public entities in the Commonwealth with affordable, local, and reliable energy. Kearsarge owns and operates over 70 solar and energy storage projects in MA totaling 140 MW. We have developed Massachusetts projects since the inception of the SREC I program and remain deeply committed to developing, owning, and operating solar and energy storage projects in the Commonwealth.

Our comments address four key issues set forth below.

**1. Continued SMART 2.0 Eligibility After December 31, 2026 for Public Entity Solar Tariff Generation Units with Preliminary Statements of Qualification**

In its SMART 2.0 redline, the Department of Energy Resources (“DOER” or “the Department”) proposes to stop accepting Statement of Qualification (“SOQ”) Applications under SMART 2.0 on December 31, 2026. This is not a workable timeline for Public Entity Solar Tariff Generations Units with Preliminary Statements of Qualification (“PSOQs”). Kearsarge has over 30 MW DC of these public entity projects currently under development with PSOQs received in 2020 and 2021. For the past five years, Kearsarge has developed these projects—including entering into offtake agreements and lease and payment in lieu of tax (“PILOT”) arrangements with its public entity partners—in reliance upon the revenue certainty the PSOQs provide. Unfortunately, given the slow pace of interconnection in the Commonwealth, it is certain that most of these projects will enter commercial operations after 2026.

Under DOER’s current redline, these projects would no longer be eligible for SMART 2.0 and Kearsarge and its public entity partners would be sent back to the drawing board to attempt to strike workable offtake, lease, and PILOT structures under unknown SMART 3.0 economics.

Particularly given the current tariff and tax credit turbulence at the federal level, this is an extremely concerning prospect.

Kearsarge, therefore, strongly recommends that Public Entity Solar Tariff Generations Units with valid PSOQs maintain their SMART 2.0 eligibility so long as their PSOQ Reservation Periods have not expired.

## **2. Alternative On-Bill Credit (“AOBC”) Inter-Utility Transfer**

Section 107 of the 2024 Climate Law mandates that AOBCs may be transferred across utility territories. DOER should update its definition of AOBC Generation Unit in both the SMART 2.0 and 3.0 regulations to reflect this statutory directive. This will ensure alignment with the changes the utilities make to their SMART tariffs to allow AOBC inter-utility transfer.

## **3. Compensation for Repowered Projects**

Under 225 CMR 28.10(3)(b), DOER’s SMART 3.0 redline proposes that repowered projects are only eligible for SMART incentives 15 years after the original project began operations and then only at 50% of the incentive rate a new project would receive. This is an insufficient incentive to spur the development community to repower aging (primarily SREC) projects. Kearsarge urges DOER to reconsider this proposal and provide a more precisely calibrated SMART 3.0 incentive to repowered projects.

Because repowered projects utilize already established interconnection capacities, incentivizing repowering offers an opportunity to add substantial amounts of generation far more quickly than the extremely lengthy interconnection timelines (Kearsarge has SMART projects under development that submitted interconnection applications in 2018 currently projected to enter commercial operations in 2028 due to interconnection delays) for new projects allow. Indeed, Kearsarge estimates that a typical repowering project will double a project’s DC capacity through incorporation of new modules and DC coupled batteries.

The Commonwealth should not pass up this opportunity. This is a particularly pressing issue as more projects from the first wave of distributed generation solar development in the Commonwealth are reaching the stage in their life cycle where their inverters are failing. This presents an ideal opportunity to repower projects and add DC capacity; but without access to appropriate incentives, repowering will not be financially viable in most cases.

Kearsarge believes that an appropriate SMART 3.0 rate for repowered projects would incorporate the following:

1. Access to the full SMART 3.0 incentive rate when the original project has operated for a sufficient length of time to ensure ratepayers have been made whole for the incentives (likely SRECs) the original project received (the “Payback Point”). Kearsarge understands the Payback Point to be 15 years in the case of SREC projects.

2. To avoid double dipping prior to the Payback Point, access to a partial SMART 3.0 incentive rate that accounts for the additional DC capacity made possible due to repowering. The partial rate would be calculated by dividing the incremental added capacity, or the difference between the DC capacity of the repowered project and the original project, by the new DC capacity of the repowered project and multiplying by the incentive rate. As an example, a 1 MW DC project repowered to 2 MW DC would receive 50% of the SMART 3.0 incentive rate, and a 1 MW DC project repowered to 1.5 MW DC would receive 33% of the SMART 3.0 incentive rate. After the Payback Point, the project would thereafter receive the full SMART 3.0 incentive rate.

#### **4. Blended Rate Methodology for Flexible Interconnection Projects**

Section 28.14(4) of the proposed SMART 3.0 regulations provides that when multiple generation units qualifying for different compensation rates are being interconnected behind the same retail meter, DOER may establish a blended rate that will apply to both units based on the total compensation rate for each unit and weighted based on the AC capacity of each unit.

For this approach to produce blended rates that appropriately compensate projects, each unit must have same AC to DC ratio. In an era where flexible interconnection will become much more common, however, projects will frequently consist of two units with different AC to DC ratios. In these cases, a blended rate methodology that uses an AC capacity weighting will inaccurately compensate projects.

A currently operating SMART 2.0 Kearsarge project with a flexible interconnection agreement with Eversource provides a helpful example.

The project currently operates at 900 kW AC and 2,730 kW DC with a DC-coupled energy storage system. The project's Interconnection Service Agreement authorized 1.8 MW AC of capacity but permitted the system to operate only at 900 kW AC until Eversource completed substation work. Now that the work is complete, Eversource has notified Kearsarge that the project is able to operate at the full 1.8 MW AC; so Kearsarge needs to qualify another 900 kW AC of capacity for SMART compensation.

Under the proposed SMART 3.0 regulations (and under the existing SMART 2.0 blended rate guidelines), the compensation rates of the two phases of the project would be weighed equally because each unit has the same capacity (900 kW AC each). However, this approach assumes that each 900 kW unit would produce an equal amount of kWh (in other words, each unit has the same AC to DC ratio). This is not the case: since the DC size of the system will remain the same, the additional 900 kW AC would account for only about 8% of the system's overall production. The increased AC capacity would serve only to allow the system to output in real

time greater kWh during peak production hours; the system as currently operating already fully maximizes the charging capability of the DC-coupled energy storage system.

This means that a 50/50 weighting of the two SMART compensation rates to achieve a blended rate would misvalue the system production. To correct this issue, Kearsarge has previously proposed to DOER (and we propose again here) that the blended rate be weighted by the percentage of system production resulting from each unit. For example, the blended rate for Kearsarge's project would weigh the compensation rate for the first 900 kW AC at 92% and the rate for the second 900 kW AC at 8%. To relieve administrative burden and ensure reliable system production, the weighting would be based on system production numbers from a resource like PVSyst and should be attested to by an independent engineer of record through a signed affidavit. The Solar Renewable Energy Credits II Program ("SREC-II") provides precedent for using a third-party engineer to attest to characteristics of a system ([Guideline on RPS Solar Carve-Out II Extensions](#), 5-C).

As we point out above, Kearsarge expects this issue to occur more and more frequently as Massachusetts increases its reliance on flexible interconnection as a pathway to enable more distributed generation throughout the Commonwealth. In their submission to the Department of Public Utilities re: the Long Term System Planning Process to proactively enable hosting capacity, the utilities recognized the importance of flexible interconnection as a solution to accommodate distributed generation adoption and committed to considering flexibility in further program development. Additionally, Governor Healey's Energy Affordability, Independence and Innovation Act filed in May requires utilities to offer comprehensive flexible interconnection programs within a year of bill passage.

Enabling flexible interconnection programs will result in more projects like the Kearsarge project: rather than constructing two separate projects and going through two separate site control, interconnection, permitting, and construction processes, project owners will most likely build one system out to the full DC capacity and operate at a lower AC capacity while awaiting the interconnection upgrades necessary to increase the system's AC capacity, and then upon completion of the interconnection upgrades, increase the AC capacity of the system. This—as it has with Kearsarge's project—will result in projects with multiple units each having a different AC to DC ratio. For these projects, a blended rate based on AC capacity will inaccurately value the overall system's production.

Lastly, Kearsarge urges DOER to apply a flexible interconnection blended rate methodology to both SMART 2.0 and SMART 3.0 projects as the issue also impacts SMART 2.0 projects subject to flexible interconnection. In the case of Kearsarge's currently operating project SMART 2.0 project, for example, increasing the AC capacity to 1.8 MW AC is only economically viable if the blended rate accurately reflects the production attributable to each 900 kW AC capacity unit due to the cost of the equipment needed to accommodate the AC capacity increase.

As Kearsarge understands it, DOER is concerned that a flexible interconnection SMART 2.0 blended rate methodology along the lines proposed here will compensate kWh output from a unit brought online due to increased AC capacity under an already fully allocated block. This is not the case, however. Kearsarge's proposal simply ensures that the full kWh output from the already existing unit will continue to receive compensation under the block it currently operates under.

Consider Kearsarge's operating project. The existing 900 kW AC unit produces approximately 3.3 million kWh annually compensated under Block 3. PVSyst shows that the second 900 kW AC unit enabled will result in another 300,000 kWh, resulting in an overall system production of approximately 3.6 million kWh annually. Because each unit is 900 kW AC, under the DOER's status quo blended rate AC capacity weighting methodology, in practice 1.8 million kWh from system would be compensated under Block 9—the current open block. This means that 1.5 million kWh currently receiving appropriate compensation under Block 3 would instead be inadvertently compensated under Block 9.

Thank you again for the opportunity to comment. If you have any questions regarding these comments, please reach out at the contact information listed in my signature below.

A handwritten signature in black ink, appearing to read 'Sam Feigenbaum', with a stylized, flowing script.

Sam Feigenbaum  
Director of New Markets and Senior Counsel  
Kearsarge Energy LP  
1380 Soldiers Field Road, Suite 3900  
Boston, MA 02135  
[sfeigenbaum@kearsargeenergy.com](mailto:sfeigenbaum@kearsargeenergy.com)  
(617) 251-8622