

Judith Judson  
Commissioner  
Department of Energy Resources  
100 Cambridge Street , Suite 1020  
Boston, MA 02114

Re: Comments on MA SMART Program

Dear Commissioner Judson,

Thank you for the opportunity to submit these comments on the Solar Massachusetts Renewable Target (SMART) Program and regulation, 225 CMR 20.00.

### **Background**

Community solar has the potential to transform how residential and small business customers participate in the growing solar energy sector. Until Massachusetts community solar legislation was passed a couple of years ago, the primary option for solar was to put solar panels on your roof. So, people who had old or shaded roofs, owned a condo, or rented, could not access the benefits of solar. Now with community solar, we can build local fields or roofs full of solar panels and transfer credits from the energy produced there to the bills of homeowners and small businesses. The participants support local solar energy and receive over \$5k in savings on their electric bill over the course of the program on average.

Before this legislation, all of the energy credits and associated discounts from these solar fields were given to large commercial participants (think Walmart). Now project developers building solar arrays can qualify as a 'community solar' project by having at least 50% of the energy credits go to participants with less than 25kW subscriptions, 3x the average home's energy load. The goal of the 'community solar' program is to spread the solar savings among homeowners and small businesses. To encourage the adoption of 'community solar', the MA Department of Energy Resources (DOER) increased the funding of qualifying community solar programs through its SREC II program by 40%. That means **\$850,000 of rate payer money /project** over 10 years for a standard 1MW project under the original SRECII program with the goal of spreading the benefits of solar more equitably. Note that theoretically this \$850,000 incremental cost is required to recruit, and conduct ongoing billing/manage for ~150 small commercial and residential participants. And that even with these costs, the costs of a community solar project are substantially lower than standard residential rooftop solar.

### **Loophole Problem**

**There is a loophole in the requirements that allows large commercial offtake to participate in the program despite the <25kW requirements.** By our estimate, 70-80% of community solar projects have been qualified despite using large commercial offtake through this loophole (see chart below). The loophole works like this:

- Project developer finds ten 5-acre lots in a the same utility and load zone

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- In total this is enough for 10 community solar projects (1MW)
- The project developer finds a few large offtakers, e.g. Walmart, and signs up the maximum 25 kW for Walmart on each of their 10 projects, totaling 250kW (equivalent of 35 homes)
- The project developer keeps doing this with large commercial participants until they've filled the majority of the project without residential or small commercial customers

This loophole results in developers getting paid significantly more through rate-payer money than they would if they just used large commercial offtake and the community solar program didn't exist.

### **Recommendation**

To make sure that the incremental DOER (and rate-payer) funds for qualifying community solar projects are used for the purpose of spreading the value of solar to smaller participants and increasing equity, we recommend that the loophole be closed.

This can perhaps most easily be done by requiring that the Community Solar participants must be limited as to the amount of energy the participants consumed in the prior year. This could be documented simply by amending the definition, which currently reads:

Community Shared Solar Generation Unit. A solar photovoltaic Generation Unit that provides net metering credits to three or more utility accounts, whose participants have an interest in the production of the Generation Unit or the entity that owns the Generation Unit, in the form of formal ownership, a lease agreement, or a net metering contract. No more than two participants may receive net metering credits in excess of those produced annually by 25 kW of nameplate DC capacity, **nor have a prior year's total electric consumption in excess of 100MWh.** and the combined share of said participants' capacity shall not exceed 50% of the total capacity of the Generation Unit.

## Estimation of Distribution of Community Solar Projects

|  | Pending kW     | Live kW       |
|--|----------------|---------------|
| Loophole   | 277,876        | 19,291        |
| Small Commercial   | 41,582         | 8,515         |
| Residential  | 16,700         | 4,258         |
| Unknown  | 90,723         | 7,262         |
| <i>Total</i>   | <i>426,880</i> | <i>39,326</i> |
| % known  | 79%            | 82%           |
| <b>% loophole (of known)</b>                                   | <b>83%</b>     | <b>60%</b>    |
| % loophole (of all*)   | 65%            | 49%           |
| <i>*assumes none of the unknown category uses the loophole</i> |                |               |

Source: <http://www.mass.gov/eea/docs/doer/rps-aps/solar-carve-out-ii-qualified-units.xlsx>

from: <http://www.mass.gov/eea/energy-utilities-clean-tech/renewable-energy/solar/rps-solar-carve-out-2/current-status-solar-carve-out-ii.html>

Signature pages follow

Signature:

  
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Title:

VP, Marketing & Bus. Dev.

Organization Name:

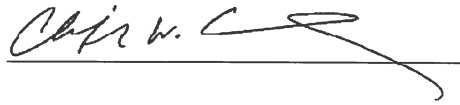
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*Paul Lauenstein*

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Name: Paul Lauenstein

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