



PV SQUARED
HEART & SOLAR

July 11, 2017

Judith Judson, Commissioner
Massachusetts Department of Energy Resources
100 Cambridge Street 10th Floor
Boston, MA 02116

RE: Solar Massachusetts Renewable Target (SMART), 225 CMR 20.00

Dear Commissioner Judson:

Please accept these comments in response to the emergency regulations on the Solar Massachusetts Renewable Target (SMART) program. These comments and recommendations come from PV Squared, a solar energy design, installation, and maintenance business based in Greenfield, Massachusetts. We are organized as a worker-owned cooperative, we're a certified B corporation, and we've been in this business for over 15 years.

Below, we suggest several important improvements to the SMART program that we hope you will adopt in the final regulations and tariffs. The stakes are high for us and the entire Massachusetts solar industry; continued solar growth is critical to energizing the Massachusetts economy, maintaining and growing jobs here, and keeping our environment clean and safe for our communities and for future generations.

The SMART program can and should be improved by:

1. Setting compensation rates at levels that will ensure robust and diverse solar development

PV Squared is concerned that the competitive procurement mechanism used to set the overall tariff rates for the program will result in compensation levels that are too low to ensure economic viability of projects. We urge DOER to revisit aspects of the initial 100 MW auction mechanism itself and ensure that any auction design encourages broad participation and produces market-representative results, which will support continued solar development to meet the 1,600 MW goal. Specifically, the industry's analysis shows that a ceiling price of \$0.175 per kWh will allow for a competitive, robust auction - a price target supported by the Department's own consultant study. Current proposed ceiling prices are 20% below that threshold and can significantly impact the economics of projects and their ability to materialize. We further urge DOER to closely monitor movement through the capacity blocks to determine whether adjustments in tariff rates may be needed to maintain the solar industry's forward momentum.

2. Replacing the hard cap on adders with a MW threshold that when crossed would trigger a decline in adder value

While the regulations include “adders” to incentivize certain kinds of solar projects, such as projects that serve low income neighborhoods, community shared solar projects, and governmental projects, the regulations also include a new cap on adder capacity set at 320 MW per category. The concept of a hard adder cap, which has never been publicly advanced until now, is a stark departure from the intent of the enabling legislation. Over-segmentation of the program will frustrate project development, and the caps will restrict adders that promise to deliver benefits across all market segments, such as energy storage. The proposed adder caps should be eliminated altogether or modified to establish adder-specific thresholds that would trigger a decline in adder value.

3. Modifying new land use & siting criteria, performance standards, special provisions, and greenfield subtractors

As written, the current regulations lack sufficient clarity and specificity regarding land use performance standards for ground-mounted projects. Because all ground-mounted Solar Tariff Generation Units with a capacity greater than 500 kW must comply with the standards introduced under 225 CMR 20.05(5)(e)5, the definitions used to establish these standards must be made explicit to provide clarity for developers, engineers, and construction professionals. In general, performance standards must be defined in such a way as to not unreasonably hinder the development of ground-mounted projects. Moreover, the special provisions established for Agricultural Solar Tariff Generation Units should be revised or clarified as it relates to a unit’s maximum rated capacity, the minimum system heights, and shading limitations. Furthermore, Greenfield Subtractors should not be applied to projects on previously developed land.

4. Recognizing that the alternative on-bill credit process uncertainty highlights need for net metering cap raise

The regulations introduce the concept of an Alternative On-Bill Credit, as expected, but otherwise provide no guidance on the timing, structure, or energy compensation rate for Alternative On-Bill Credit Generation Units. While our company understands that any alternative on-bill crediting mechanism must be filed as a tariff and approved by the DPU, no draft of such a tariff has been proposed to date, raising serious concerns about the timing, mechanics, and implementation of any eventual alternative mechanism. Coupled with the fact that net metering caps have once again been reached in National Grid, Unitil, and WMECO service territories,¹ representing most of

¹ Massachusetts System of Assurance for Net Metering Eligibility: Accessed 7/5/2017, available at: <https://app.mas-saca.org/allocationreport/report.aspx>.

the Commonwealth, the near-term viability of the solar industry in Massachusetts remains at risk, if it has no alternative mechanism for giving customers value for these solar projects. While this issue is outside the purview of DOER, PV Squared joins with the rest of the solar industry renewing its call for the legislature to raise the net metering caps this year and for Governor Baker, EEA, and DOER to support such legislative action, while also supporting action by the utilities and DPU to establish the alternative bill crediting mechanism.

5. Establishing a price floor in Block 1 to provide consistent support for small systems

PV Squared is particularly concerned that the current program design exposes projects in the under 25 kW market segment and low income under 25 kW market segment to the results of a Competitive Procurement designed for projects that share little resemblance in size or overall cost structure. To ensure that residential and small commercial project economics can meet customer payback-period requirements for the duration of the SMART program, we recommend establishing a backstop in the form of a price floor on Base Compensation Rates of \$0.34/kWh for Solar Tariff Generation Units of 25 kW or less, and \$0.40/kWh for Low Income Solar Tariff Generation Units of 25 kW or less, in Block 1. This backstop will ensure a consistent level of support for residential and small commercial projects and maintain momentum for meeting the 1600 MW solar goal.

We appreciate the opportunity to weigh in on the new SMART program and hope you will make these much-needed changes. Further detail and explanation for these recommendations appear in a lengthier, jointly-signed industry letter also sent to you today. Thank you for all your hard work on seeking to ensure that the solar market in Massachusetts will remain stable and robust now and over the long term.

Regards,



William Stillinger
PV Squared Owner and Manager, External Affairs

cc: Matthew Beaton, Secretary of Energy and Environmental Affairs
Ned Bartlett, Undersecretary of Energy and Environmental Affairs
Patrick Woodcock, Assistant Secretary of Energy
Michael Judge, Director of Renewable and Alternative Energy, DOER