

July 11, 2017

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

CC: Michael Judge, Kaitlin Kelly, Department of Energy Resources

Transmitted via email: Judith.Judson@state.ma.us, Michael.Judge@state.ma.us,  
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**RE: Solar Massachusetts Renewable Target Program, Small Business Comments**

Dear Commissioner Judson:

Thank you for the opportunity to provide comments on the Solar Massachusetts Renewable Target (SMART) Program. CABA's mission is to solve the climate crisis by organizing local business leaders to be more effective advocates for climate change action within our communities, and within their own business. We are thankful for the Commonwealth's commitment to combatting climate change and promoting a clean energy economy. Much of the success from our state's growing solar industry is attributed to our solar incentives.

Working with the small business community we have two primary priorities when it comes to solar: equitable access to solar and job security/growth. Though the SMART program has many redeeming qualities, we do not believe SMART demonstrates full commitment to equitable solar access and small business jobs.

**Competitive Procurement Process Creates Risks for Solar Market Growth**

While CABA recognizes and supports that market conditions should be considered in establishing initial capacity-based compensation tariff rates, there are associated risks with the auction process. Elements of this process need to be addressed in order to ensure authentic participation and results representative with the small business community.

The purpose of SMART's competitive procurement process is to set a base incentive rate for projects >1MW, which projects <1MW will be indexed. Without appropriate parameters in place, CABA is concerned about the ability of the proposed auction to provide a reasonable base incentive for solar projects in Massachusetts, the keystone of Massachusetts's next phase of investment into solar growth and jobs. The result would be a base rate that does not support diverse solar development, flowing through the indexed rates and program blocks that see majority of support from the small business community. A competitive procurement model that creates high transaction costs for solar developers, effectively discriminates against small commercial and community projects.

To achieve meaningful results, the initial solicitation must discourage speculative bidding, promote confidence in the market, and minimize the potential of project attrition.

### **Misalignment in Compensation Levels for Smaller Projects Could Hurt Local Jobs**

CABA is concerned that the SMART program exhibits compensation misalignment in the cost-per-watt differential between small and large systems. In the SMART program, both sectors receive the same overall compensation over different time periods. The under 25kW receives 200% for 10 years while the 1-2MW sector receives 100% for 20 years. Given that the cost to deploy in the under 25kW sector is twice that of the 1-2MW sector, the compensation level should be higher.

85% of Massachusetts establishments in clean energy have fewer than 50 employees and 61% have fewer than 10 employees. The under 25kW sector employs the majority of solar workers in the Commonwealth and was responsible for more than half of installed capacity in 2016. Establishing a favorable, long-term compensation rate for smaller projects is essential to retaining local solar jobs and allowing our small solar businesses to prosper.

### **Arbitrary Caps on Adders Increases the Complexity and Uncertainty of the Program**

Caps on adders means there could be no guarantee a specific adder would be available by the time a project is ready to submit its application. This is specifically detrimental to community shared solar projects which generally have longer lead times. In order to increase equitable access to solar for small business customers, we need to ensure our solar programs are promoting community shared solar, not acting as a barrier. Additionally, decreasing the value of the adders over time fails to recognize the increased costs and complexity that necessitate higher compensation rates for community shared solar projects.

### **Program Review Should Occur More Frequently to Ensure Better Transparency**

While DOER can review the adequacy of compensation levels, such review can only occur after 400MW of new solar projects have qualified for the program. Program review should occur more frequently and allow DOER to adjust rates for new projects along the way to respond to market conditions or federal uncertainty. This is critical to ensure success of the program, particularly because the program does not account for external factors that would increase the costs of solar, such as rising interconnection costs, import tariffs, rising interest rates, and changes to the federal Investment Tax Credit. Transparency measures would benefit all stakeholders.

Thank you for the opportunity to comment on the next solar incentive program. We commend the Department for valuing stakeholder input in developing a new solar incentive program and exercising due diligence in addressing the political challenges of a rapidly growing market.

Sincerely,



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