

July 10, 2017

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

Dear Ms. Judson,

Solar Design Associates appreciates the hard work and endless hours that the Department of Energy Resources (DOER), Energy and Environmental Affairs (EOEA) and the Department of Agriculture, as well as the many industry stakeholders have invested in developing a replacement solar compensation program for SREC II.

The Solar Massachusetts Renewable Target (SMART) program as currently designed, fails to meet its obligation under Chapter 75 of the Acts of 2016, An Act Relative to Solar Energy ("The Act"). Specifically, the SMART program fails to create a stable and sustainable solar market at a reasonable cost to ratepayers and support diverse installation types that each provide unique benefits, including reducing the Commonwealth's carbon emissions and meeting its Global Warming Solution Act goals, creating a thriving local clean energy generation economy employing over 20,000 citizens of the Commonwealth, and indirectly supporting tens of thousands of additional jobs that result from recycling energy dollars in our local economy and not being lost to out of state and foreign suppliers of energy.

Our concerns include the following points:

- Compensation rates, even at the ceiling prices, are too low to support a robust solar industry, particularly in the residential and low income sectors. The competitive procurement auction method of setting base rates was never in discussion during the stakeholder process and was a surprise to many of the participants. The auction derived base rates may well be a show stopper for most projects, especially in each of the successive blocks as compensation prices drop by 4% each block. We suggest the Department revisits the auction process and establishes a ceiling price of 18 cents and a floor of 12 cents to encourage more robust submissions to enter into the first 100 MW block competitive procurement auction. Any auction that is not fully subscribed for the full 100 MW should be disqualified as a skewed result.
- Review periods should be time based, preferably every six months, rather than capacity based at the end of a particular block, and should be reviewed frequently to prevent the market from stalling out and losing workers and companies due to the time lag for updating compensation rates, similar to the California Market Adjustable Tariff program. By giving the Department the flexibility to adjust rates within a defined window, the industry can have more certainty and keep regulatory risk to investors at a minimum. Considering the potential impact of the proposed 40 cent tariff on all imported PV panels from the recent Suniva bankruptcy 201 filing, the Department needs to be prepared to react to sudden price shifts, both inclining and declining.

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- Adder caps should either be eliminated altogether or stepped down gradually so as to not create increased regulatory risk and stall projects that are on the cusp of losing the adder.
- Adders should be allowed for residential <25 kW projects so they can be more competitive with the larger projects. Projects < 25 kW should receive at least 300% of the base rate and low income projects <25kW should receive at least 400% of the base rate in order to obtain an equivalent rate of return as the larger MW scale projects.
- Limited usage of concrete should be allowed on projects sited on agricultural land for transformer pads, large central inverters, security fence posts and other equipment pads as required.
- Alternative on-bill crediting should allow for cross load zone applications between utility load zones. This could be within each utility holding companies divisions, e.g. between Eversource WMECO and Eversource NStar NEMA load zones, or National Grid WCMA and National Grid NEMA. This would be particularly helpful to encourage more development of low income community solar projects.
- Remove the aggregate adder cap to encourage more energy storage, as this administration is committed to developing the energy storage capacity in the Commonwealth as described in the *State of Charge* report issued in 2016.
- Simplify the regulations as much as possible in order for average consumers to understand the program without having to hire a consultant to translate it for them into lay person language. Complexity will alienate many market participants who could benefit from the program.

Massachusetts has the opportunity to develop an innovative and lower ratepayer cost compensation program for solar development going forward for another 1600 MW of distributed generation capacity. By implementing these changes to the program, Massachusetts could remain a national leader in solar jobs per capita and retain its reputation as a creative force in energy programming.

If the department would take these suggestions to the proposed regulations under advisement, it will be a benefit for all the citizens of the Commonwealth.

Sincerely,



Steven Strong
Solar Design Associates, Inc.
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