

Testimony to Improve the SMART low-income solar talking points

July 2, June 30 2017

- Massachusetts' proposed SMART program has the potential to make solar more readily available to low-income ratepayers, tenants and communities. ~~The key benefit of solar, from a low income community perspective, is its ability to address energy affordability challenges for families struggling to pay their electricity bills and affordable housing properties looking to stabilize utility costs.~~ Solar can lower and fix electricity costs for a range of customers, providing material savings, often with no upfront cost. However, ~~as currently designed, SMART needs a good deal of improvements to meet will not meet~~ its potential.

~~While~~ Massachusetts' existing solar programs have put the state at the forefront of solar in the country ~~but the solar has not been equitably distributed.~~ Less than 5% of the solar currently installed in Massachusetts serves low income residents or affordable housing developments. ~~More than 65,000 homeowners, primarily in the suburbs, have installed solar on their roofs, representing over 40% of the total solar in the state. For communities served by Eversource, including Boston, homeowners are getting more than 12 times as much solar as affordable housing developments, tenants and low income residents.~~

- Increasing solar's ability to serve everyone, including low-income communities, hinges upon expanded opportunities for shared and community solar projects, which allow the benefits of solar to be shared with anyone even if they don't own a sunny rooftop. To do this, SMART must provide sufficient compensation for these projects and have a well-designed tariff design.

~~As currently designed, the SMART program, has neither and represents a major step backward for low-income solar.~~ Without program fixes, the SMART program will make it harder for: ~~(1) low-income communities to access solar, (2) affordable housing to use solar to reduce the volatility of and lower utility costs; and for (3) solar to help low income families who struggling to pay their electricity bills. Smart compensation levels are too low and they decline too quickly. This~~

- ~~SMART Compensation levels are too low and decline too quickly.~~ The dramatic decrease in compensation (as compared to net metering and SRECs) at the start of the program, and the rate of decline in compensation throughout the program, will make it ~~difficult~~ virtually impossible to continue developing low-income solar projects in Massachusetts.

o ~~Under the prior full retail net metering and SREC2 framework, only a limited number of low income solar projects were developed. Net metering rates were cut 40% last year, lowering total compensation by 19%, and no new affordable housing solar projects have come on line under the new, lower net metering rates. SMART's even lower compensation levels will make it much more challenging to offer solar savings to low-income communities, particularly for projects that need to share value, like third party owned solar projects and community shared solar.~~

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~~○ SMART will cut total compensation for affordable housing solar projects by at least 46%, as compared to SREC2 and full retail net metering.~~

~~○ Compensation levels are likely to be insufficient for low-income community shared solar ("LICSS"), a new solar delivery model that no one in Massachusetts, or anywhere else, has ever successfully deployed. It will be difficult to develop LICSS projects that offer meaningful savings to customers.~~

~~○ The forced reduction of 25% in compensation levels from the beginning to the end of the SMART program is steep. Recent experience shows that solar costs are declining at a slower pace.~~

~~— SMART's limits on the availability of incentives (i.e. adders) for low-income and shared solar projects increase uncertainty and complexity. Such limits will have a chilling effect on these types of projects, which often have long lead times and are more complicated to develop than other types of solar projects. The loss of an adder for one of these projects would almost certainly stop the project in its tracks.~~

~~— SMART's forced decline in adder value fails to recognize the higher costs and complexity of low-income solar projects. The adders available to low-income solar project arbitrarily decline throughout the program.~~

○ Low-income and shared solar projects usually have higher site development, customer acquisition and administrative costs than other types of projects. These costs will not diminish over time so reducing the value of the adders will make it much more difficult to develop low-income solar as the SMART program progresses.

~~○ As with the adder caps, decreasing the value of adders runs counter to ensuring equitable access to solar and will undermine the SMART program's ability to "support diverse installation types and sizes," as required by the legislation directing DOER to create this solar incentive program.~~

~~— Detail on how the tariff should be administered to ensure equitable access to solar has not been provided. The key to expanded access to low-income communities is designing the solar compensation and utility bill credit mechanisms in the SMART program so that they: (1) allow the sharing of solar benefits between solar owners and any other electricity customer; (2) address the barriers that have limited participation in solar programs.~~

○ The Alternative On-Bill Crediting Mechanism (AOBCM), referred to in the draft regulations, is intended to serve as an alternative to net metering and allow projects to be developed despite net metering caps, which are currently stalling solar projects in half the state, i.e. National Grid territory. However, it is impossible to assess if the AOBCM is a reasonable substitute to net metering because the regulations provide no detail.

~~○ The AOBCM must allow solar bill credits to be shared with any electricity account in the state. This is not allowed under the current net metering framework and has served a major barrier to solar access for urban and low-income residents, especially in and around Boston, where sites for shared solar projects are extremely limited.~~

~~○ Designing the SMART tariff will take a significant amount of time, and SMART does nothing to address net metering caps and related issues in the short-term. As such, the legislature still needs to act to raise net metering caps and restore full retail net metering for low-income and community shared solar projects~~

- In light of the above concerns, DOER should do at least the following before finalizing the SMART plan regulations:

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1. Increase compensation for all categories of low-income and community shared solar projects and slow and lessen the rate of compensation decline;

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~~2.~~ Remove adder caps and ;

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~~3-2.~~ Fix adder values so they do not decline throughout the program; ~~and~~

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3. Issue guidelines or a straw proposal for the Alternative On-Bill Credit Mechanism that includes the elements needed to ensure expanded access to solar for low-income communities.

~~4.~~ Respectfully Submitted By, Miriam and Mike Kurland , member Climate Action Now and Mothers Out Front mimbck@yahoo.com, 566 East St., Goshen, MA 01032 413-268-7529

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