July 11, 2017

Comments of the Energy Freedom Coalition of America (EFCA) and the Alliance for Solar Choice (TASC) on emergency regulations 225 CMR 20.00 implementing the Solar Massachusetts Renewable Target (SMART) program filed with the Secretary of State on June 5, 2017.

The Energy Freedom Coalition of America (EFCA) and the Alliance for Solar Choice (TASC) appreciate the opportunity to provide comments on the emergency regulations implementing the SMART program filed earlier in June (225 CMR 20.00). EFCA and TASC also thanks the Baker Administration, the Office of Energy and Environmental Affairs, the Massachusetts Department of Agricultural Resources and DOER for their leadership and hard work in engaging in an open and constructive dialogue with all Massachusetts stakeholders throughout the process. We look forward to working with the DOER to ensure the final regulations achieve the Baker Administration's clean energy objectives and with the Department of Public Utilities (DPU) to ensure the approval of the tariff proposals to be filed by the utilities, implementing the program, is done smoothly and swiftly.

EFCA and TASC echo the Joint Industry letter submitted to the DOER as part of the written comments on 225 CMR 20.00 to the DOER. EFCA and TASC submit the following comments to emphasize the critical nature of select elements of the Joint Industry letter as well as to highlight other key elements of the regulations. EFCA and TASC ask for further consideration of these key elements to be addressed, in order to ensure that the program meets the intended objectives of growing a robust and diverse solar industry in the Commonwealth.

Appropriately Establishing Program Incentive Levels

EFCA and TASC wish to underscore the significant implications the first 100 MW of the program (the competitive solicitation) has on the success of the overall program. As such, the initial ceiling prices should be set at a level that ensures the viability of projects across different segments. We echo the recommendation proposed in the Joint Industry letter to include a collar around the procurement price by establishing a ceiling and a floor price as described in the letter and its appendix.

Given the initial low starting point in the procurement price levels (ceiling prices as currently proposed in the regulations), and the shorter time-frame for which small-scale <25kW systems are subject to receiving the incentive, we also jointly agree with the recommendation of raising the Compensation Rate Factors for those systems under-25 kW, as indicated in the Joint Industry letter. Incentive levels set for the residential and small-scale sector must reflect the specific economics of this industry sector so that it can continue to thrive for the duration of the SMART program.

Further pressure on the residential and small-scale sector is created through the potential Minimum Monthly Reliability Contribution (MMRC) charge proposals by electric distribution companies for the DPU's consideration. While we understand that the MMRC is outside the purview of the DOER, we note that the economic viability of projects already under pressure from low and declining Base incentive levels and declining Adder levels under SMART, would be further exacerbated by a reduction in the non-incentive portion of the compensation stack. For behind-the-meter systems, the proposed MMRC would erode the energy compensation portion of the SMART rate.

Unlock Program Potential by Removing the Adder Caps

We applaud the DOER's efforts to drive diversity in the deployment of solar projects across the commonwealth, however we caution against over-segmentation of the program by instituting MW capacity limits on every adder category and type uniformly.

We encourage the DOER, in its review of Compensation Rates, to also review the Adders and make the necessary moderating adjustments, particularly for the Energy Storage Adder, instead of implementing a hard cap. This will insure the DOER's ability to extract the most value from the SMART Program in terms of benefiting the Commonwealth and preventing limitations of project diversity. We concur with the Joint Industry letter's recommendation of creating a threshold that would trigger a decline in adder value after a review, as opposed to reducing the adder at the same rate as the base rate level.

As mentioned, we commend the DOER for encouraging the pairing of energy storage with solar PV systems through the inclusion of the Energy Storage Adder in 20.07 (4) (c), we underscore that energy storage is a technology that transcends market segments, off-takers and locations, and as such should not be limited by the hard adder cap. Furthermore, the State of the Charge report[1] as well as the various energy storage initiatives the Baker Administration is advancing highlight the importance of energy storage in the commonwealth's energy mix. Therefore, we discourage limiting how much energy storage can support greater proliferation of solar PV systems through the SMART program by unlocking additional benefits to those systems, rate payers, and the electric grid at large.

The Energy Storage Adder can further unlock many benefits of energy storage to the Commonwealth and ratepayers, through **gradual prospective enhancements of the performance requirement standards**. For example, the DOER can consider increasing the cycling requirements of the energy storage system, requiring the battery to dispatch during

[1] Massachusetts Energy Storage Initiative Study, State of Charge report, http://www.mass.gov/eea/docs/doer/state-of-charge-report.pdf

coincident time of use periods as those tariffs become available, or investigating and facilitating various demand response opportunities to enable storage to respond to system needs.

Enabling storage can make solar PV more cost effective. For example, in the recently published State of Charge report[2], Alevo Analytics studied the various system benefits that storage can provide. In each of the 10 use cases analyzed, the benefit to cost ratio far exceeded 2:1 on average. To stay aligned with the Administration's objectives to incrementally deploy and capture the value of storage in the Commonwealth[3], removing the proposed cap adder of 320 MWs and implementing a more staged approach of evaluating storage will allow the DOER to contain costs while also unlocking benefits and cost savings through the pairing of energy storage technology with solar PV.

EFCA and TASC believe that the SMART program will be improved by enabling storage technologies that can enhance the SMART program's ability to, "Reduce peak demand, system losses, the need for investment in new infrastructure, and distribution congestion; increase grid reliability; and diversify the Commonwealth's energy supply (225 CMR 20.01)."

In 2015 the New England-ISO concluded that solar's seasonal claimed capability, or its ability to reduce system peak hours in the summer months is roughly 40%[4] (when Massachusetts demand annually peaks). However, when combining storage with solar PV, for the purposes of reducing a customer's peak demand, storage would improve solar PV's seasonal claimed capability significantly and thus lower energy capacity costs at peak times even further for all ratepayers. Quantifying all of these benefits together will yield an even larger cost reduction and ratepayer savings when enabling storage to be paired with solar.

Finally, we thank the DOER for considering these comments and for its efforts to help ensure the incentive program is implemented on a strong foundation that provides clarity and certainty to participants and helps ensure that Massachusetts remains a national leader in clean energy. We are appreciative of the amount of work and effort that has gone into the design of the program, and the engagement of stakeholders. We look forward to working with all stakeholders to ensure the smooth deployment of this innovative incentive program that should encourage the growth of a very important industry to the Commonwealth's economy.

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[2]Massachusetts Energy Storage Initiative Study, State of Charge report, http://www.mass.gov/eea/docs/doer/state-of-charge-report.pdf

[3] Baker-Polito Administration Sets 200 Megawatt-Hour Energy Storage Target

[4]Final 2015 Solar PV Forecast Details. ISO New England. Ref Slide 31 https://www.iso-ne.com/static-assets/documents/2015/04/2015_solar_forecast_details_final.pdf