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Smart Solar. Smart Business.

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. My company, Solect Energy ("Solect"), is a for-profit installer, owner, operator and developer of solar arrays across New England. Based in Hopkinton, MA, Solect employs over 75 people and contracts another 200 workers in the state of Massachusetts on any given day.

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 here; continued solar growth is critical to energizing the Massachusetts economy, maintaining and growing jobs in the Commonwealth, 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 the base compensation rates at a level that will ensure robust and diverse solar development and that will protect solar jobs in the Commonwealth.***
   The competitive process to set these levels should be allowed a higher ceiling, $0.175 per kilowatt-hour, to ensure the entire program will work in the years to come. At the same time, additional support (adders) for community solar, low-income solar and other priority development should be protected from decline over time to ensure continued and accelerated growth of these types of projects given their relatively stable additional cost.

2. ***Recognizing that the uncertainties surrounding the Alternative On-Bill Credit process highlights the need for a net metering cap raise.***
   The emergency regulations introduce the concept of an Alternative On-Bill Credit but otherwise provide no guidance on the timing, structure, or energy compensation rate for Alternative On-Bill Credit generation units. We understand that this mechanism must be filed as a tariff and approved by the DPU. No draft of such a tariff has been proposed to date, raising concerns about the timing, mechanics, and implementation of any eventual alternative mechanism. Net metering caps have once again been reached in National Grid, Unitil, and WMECO service territories, representing most of the Commonwealth. Thus, the near-term viability of the solar industry in Massachusetts remains

at risk. While outside the purview of the DOER, we in the solar industry renew our call for the Legislature to raise the net metering caps this year, and for Governor Baker, the EEA, and the DOER to support such legislative action.

3. ***Ensuring total compensation for commercial and residential systems is adequate to support continued sustainable development.***
We are concerned that compensation for all commercial system under 1000 kW may be too low to support continued development, depending on the outcome of the rates that are based on the competitive procurement. We are especially concerned that the sub-25 kW (residential and small commercial market segment) compensation rate is inadequate. It is critical to properly calibrate SMART for the realities of this sector. The compensation rate factors for the sub-25 kW segment are misaligned, due to the shorter tariff term and for the differing economics of residential solar systems. To ensure that the economics of small system projects can meet customer payback period requirements for the duration of the SMART program, we recommend addressing the existing issues for small systems under SMART by raising the sub-25 kW compensation rate factor to 250% and the low income sub-25 kW compensation rate factor to 300%, in addition to expanded adder eligibility.

   We would also request the tariff be offered with rates at both 10 and 20 year term lengths. This will allow a commercial system owner to select the best method for financing their systems. Many small and mid-size businesses in the Commonwealth may find a 20-year tariff harder to finance due to the uncertainty in commercial loan interest rates, and C-Pace financing may not be appropriate for all building owners.

4. ***Removing the hard caps on adders: Establish a MW threshold that would trigger a decline in adder value over time.***
The emergency regulations now 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. The proposed adder caps should be eliminated altogether, or modified to establish adder-specific thresholds that would trigger a decline in adder value.

5. ***Modifying new land use and 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. In general, performance standards must be defined in such a way as to not unreasonably hinder the development of ground-mounted projects. The SMART program should also give deference to cities and towns that have gone through the time and effort to identify and zone areas as appropriate for solar/power generation, and projects in these areas should not be subject to a subtractor.

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We appreciate the opportunity to submit comments on the new SMART program and hope you will make these much-needed changes. In support of the comments above, Solect has also signed the letter submitted by the Solar Coalition comprised of SEBANE, SEIA, Vote Solar, NECEC, and MassSolar.

Thank you for all the work you have done, and no doubt will continue to do, seeking to ensure that the solar market in Massachusetts will be stable and resilient now and over the long term.

Sincerely,

Kenneth J. Driscoll
President & CEO
Solect Energy

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