

City of Newton



Ruthann Fuller
Mayor

PUBLIC BUILDINGS DEPARTMENT

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To: DOER SMART Program
From: William H. Ferguson
Co-Director of Sustainability, City of Newton MA
Subject: SMART Review Comments
Date: January 19, 2024

I am writing to provide SMART Review Comments for the City of Newton. The City of Newton has developed 18 solar projects located on City owned buildings and parking lots. 13 are rooftop projects and 5 are parking Lots. These projects were developed under the PPA model. 12 projects were developed under the SREC program and 6 under the SMART program. 5 of the SMART projects are behind the meter. The remaining 13 projects are front of the meter and are net metering or AOB credit projects. In FY23 the projects generated over six million kWh which is equivalent to 30% of the total municipal energy use.

In 2019-2020 the City entered into PPAs for the development of 17 solar projects under the SMART program. This is in addition to 12 projects that were already in service under the SREC program. These PPAs for SMART projects resulted from an RFP that was issued in 2018. Projects were approved by the City council in 2019 and the PPAs were then signed. Only six of these projects have been built and are in operation. We have worked with several solar companies to try to get the remaining eleven SMART projects constructed but it is clear that this is only going to happen if the City is willing to accept a negative or break-even cash flow. After having great success under the SREC program, our progress has stalled under SMART. Basically, there is no financial incentive for the City to build these projects under the current SMART incentives. I think there are many other Cities and towns in the same circumstance. This will need to be addressed if the Commonwealth wants to meet its goals for solar power and climate.

I have several points that I would like the SMART Review to consider.

1. Newton purchases its electricity from a supplier at a price that has been considerably lower than Eversource basic service rates. The City's average supply cost has been 9.4 cents per kWh over the past three years. If the SMART incentives were based on the City's supply costs rather than Eversource basic service costs these projects would be viable. I urge the SMART program to evaluate this approach.
2. Prevailing wage. Municipal PPA projects are privately owned projects located on City owned buildings and land. Prevailing wage puts public projects at a disadvantage compared to private projects. Can a SMART adder be adopted for prevailing wage projects?

3. Newton may be moving ahead with break-even projects. These are projects that provide no positive cash flow (no financial incentive) to the City. If improved incentives are developed under this review process they should be made retroactive to the project host (the City) not the provider.
4. The SMART program was based on market costs obtained by the program through solar project solicitations done in November 2017. The declining incentive blocks were based on these 2017 costs. SMART should evaluate whether these costs actually declined as expected by the program and adjust base incentive rates accordingly with some retroactive provisions for projects constructed during and after the Covid pandemic when it appears costs increased and have not bounced back. It seems that steel, material and labor have all increased since the pandemic, changing the trajectory of anticipated cost declines. This should be taken into consideration by the program.

These are my comments. I hope that some changes can be made to make the SMART program economically viable for Newton and other municipalities. We have several other solar projects in the pipeline that we would like to do if the SMART program can provide the needed incentives.

Please call me at 857-404-4929 if you would like to discuss.