PosiGen appreciates the opportunity to provide these comments as part of the SMART program review process. PosiGen is a public benefit corporation and certified B corp that provides rooftop solar and energy efficiency services with an emphasis on making solar affordable and accessible to low-and-moderate income communities. PosiGen has over 25,000 customers and 600 employees across a dozen states including Massachusetts. Our solar lease is unique in that we underwrite customers based on savings rather than traditional requirements such as FICO score, income, or debt-to-income ratio. We also pair every solar installation with energy efficiency to maximize customer value and savings.

These comments will focus specifically on the residential market segment including low-income qualifying projects.

1. The SMART program currently provides added incentives for certain project types, including building mounted, canopy mounted, landfill, brownfield, agricultural, floating, community solar, and projects serving low income or public entities, projects with energy storage, and axis tracking. DOER seeks additional feedback on changes or improvements that will advance achievement of the Commonwealth's 2050 GWSA mandates while balancing land use, equity, and economic considerations.

A. What project type incentive changes could improve program outcomes?

b. Should other project types also be prioritized?

We do not have any recommendations for new project categories. However, we believe that maintaining a focus on serving low-income households should be a critical component of the SMART program. Currently the lack of meaningful incentive for R-2 customers through the SMART program has created a major market challenge to serve the households that could benefit the most from the utility bill savings provided by solar. In most instances, it is not economically feasible for solar developers to serve R-2 customers in any sustainable or scalable way while also providing meaningful customer savings.

2. The current SMART program structure includes a declining block model. Is a structure with fewer blocks and a greater decline between blocks preferable to a greater number of blocks with a smaller decline between blocks? Are there any other modifications to the declining block model structure that could more effectively support solar development?

We believe that a declining block model is no longer necessary for residential projects. Incentives have consistently declined since SREC I and throughout the SMART program to the point where residential projects currently receive no SMART incentive at all. With a more mature market, it is appropriate to consider a program structure that provides more certainty and longevity rather than frequently declining blocks. This also simplifies program administration and may allow for streamlining the process for smaller projects.

We recommend that there be no further blocks for residential projects and that the program should be changed to provide a fixed SMART rate to encourage residential participation. There

are several key policy and practical benefits to ensuring residential systems participate in the SMART program going forward such as:

1. **RPS compliance**. While some residential projects may be registering to produce Class I RECs many others are likely not, which leads to a suboptimal outcome where clean generation is not actually counting towards compliance with the RPS.
2. **Consumer Protection**. SMART provides consumers with enhanced consumer protections including the disclosure form and R-2 savings requirement.
3. **Efficiency & Reduced Complexity for Customers**. Participation in SMART reduces the registration, ongoing reporting requirements, and dealing with REC aggregators burden for system owners. This reduces costs and ensures a greater percentage of the value of a REC actually flows back to the customer/system owner.
4. **Market Data and Insight**. Increased visibility into market conditions to help shape policy.

In order for the SMART program to attract residential participation, the Minimum Compensation Rate should be similar to an approximate value of Class I RECs and considering the costs to participate in the program (such as the application fee, cost of the production meter and metering equipment). Additionally, given the program would now be approximating a Class I value, it may make sense to consider whether the term of the REC agreement should be extended beyond 10 years for residential systems. The Class I costs would be incurred outside of the SMART program, thus this would not provide an increased incentive for residential solar projects, rather it would ensure the process is more efficient, consumer-friendly, and avoids lost RECs.

3. Are any eligibility criteria in the SMART program a barrier to participation? What are they, and how would you address these barriers? How would you streamline these eligibility criteria?

PosiGen does not have a response for this question.

4. Is the current SMART reservation period (excluding any blanket extensions) adequate given current development and construction timelines? If possible, please provide a representative project timeline inclusive of key project milestones, such as permitting, procurement, and interconnection, to help inform DOER's understanding of the development process and current project timelines.

PosiGen does not have a response for this question.

5. Are there any emerging technologies or project types that are not currently eligible for SMART that DOER should consider making eligible for the program? Please describe potential project applications, any suggestions for eligibility requirements, and what level of incentives if any would be needed spur project development of the project type.

PosiGen does not have a response for this question.

6. Are program compliance requirements clear prior to program enrollment? What are the key challenges with satisfying the data and/or documentation requirements for various program compliance checks, such as compliance with the energy storage, low-income, or community solar requirements? Are there any modifications you would suggest to DOER's compliance processes, or alternative data/documentation you believe could satisfy the requirements?

While the SMART program is complex, sufficient guidance is available with the Guidelines, FAQs, example documents, application checklists, and user guide. Regarding the compliance requirements for low-income customers, we have two ideas for consideration. First, while the net savings calculation is fairly straightforward under normal circumstances, it could be helpful to have the current R-2/R-4 rates by utility, according to DOER's methodology, posted as a reference ("reference rate") on the SMART program website. This would be helpful in removing any potential ambiguity for installers.

An example of why this would be helpful was the winter basic service rate spike in 2022-2023. Under the current Guideline for Low Income Generation Units, developers are directed to use a one-year basic service average when calculating the appropriate R-2 utility rate. However, had installers followed that guidance, it would have allowed solar contract prices that would not have been beneficial for the R-2 customers outside of that outlier year. While PosiGen used a conservative methodological approach to account for the price spike (for all customers), there was likely a wide range of approaches across the industry. With a reference rate publicly available, DOER would have been better equipped to account for the extremely unique circumstances by providing installers a reasonable R-2 rate that did not overreact to the anomalous spike.

The second idea we believe is worth consideration is adding the net savings check to the SMART application review process for all R-2 projects instead of auditing only a sample of R-2 customers on an annual basis. With an established methodology for determining the R-2 rate (or a publicly available reference rate), all of the other necessary information is already being reviewed during the application process including the disclosure form and PPA or lease agreement. It is better to identify and remedy any savings issue as soon as possible rather than waiting until after the project is energized - if it is remedied at all given a customer may not be included in the audit sample.

7. Are SMART application processes and requirements clear? Is communication between applicants, the Solar Program Administrator, and DOER clear and effective? Please describe any improvements you believe could be made to the SMART application process.

If a Minimum Compensation Rate is provided for residential systems, it may allow for a streamlining of the application process. With a declining block structure it was important for projects to be able to reserve their spot within a block earlier in the development process. With a

Minimum Compensation Rate it may be possible to have a single-step submission process (or at least a process with fewer steps/actions required) which would reduce the administrative burden for installers, customers, and the program administrator. Residential applications would likely make up the bulk of the applications in the program, so reducing the number of steps and reviews required would provide significant relief. It would also help avoid situations where project details change between the reservation and incentive claim steps, the need for extension requests, or managing expirations. All of those extra tasks use program administrator bandwidth and slow approval timelines.

One of the major pain points for the SMART program historically was the significant backlogs and approval delays that developed at various stages in the process, in part due to the challenges of a mult-step process with actions needed by the utilities, program administrator, and DOER. Reducing the friction in the program makes it more worthwhile for developers and system owners to participate even if the SMART value is fairly small.

8. Are there solar canopy project types that currently fall outside the SMART program's definition of Solar Canopy that you believe should be eligible for the Canopy adder? Please provide example project types and describe their benefits.

PosiGen does not have a response for this question.

9. Are there examples of dual use agrivoltaics policies in other jurisdictions that align with Massachusetts' solar and agricultural objectives? Please provide citations and summaries of those policies.

PosiGen does not have a response for this question.

10. What modifications to SMART incentive payment calculations, as currently set forth in 225 CMR 20.08, if any, are needed? Please provide examples, formulas or calculations for DOER review.

Minimum Compensation Rate
If the approach is taken to provide a fixed Class I equivalent level of compensation for residential projects, we believe that could be achieved in two ways.

1. Replace the entire BTM incentive payment formula for applicable projects with a fixed Minimum Compensation Rate, which would then be administratively updated on a periodic basis (if necessary).
2. Retain the BTM incentive payment formula but after the value of energy is subtracted from the Base Compensation Rate, if the resulting value is below the Minimum Compensation Rate then it defaults to the Minimum Compensation Rate.

The second approach may be necessary if the re-evaluation of the SMART compensation rates results in the current BTM incentive payment formula not resulting in a $0 value for all

residential projects. If the formula still results in a $0 value every time then the first option is less complex and may be easier to administer.

Low-Income Generation Units
The current declining block structure and incentive rates for R-2 customers are insufficient to make the projects economically viable. While the Base Compensation Rates are several cents per kWh higher than for standard residential, the value of energy subtracted from that is the same value as used for R-1 customers instead of the true avoided cost of power for R-2 customers. This results in incentive payments that currently do not overcome the cost to participate in the SMART program, let alone make the project economics viable.

The quantitative analysis of market conditions should inform what a necessary incentive level is to make R-2 projects viable for installers while still providing meaningful customer savings. We believe that this value should be a fixed value that is also updated on an as-needed basis.

We note that it is certainly easier to develop a SMART incentive rate for low-income projects when there is a single R-2 discount applied in each utility. If that dynamic changes, such as with National Grid's proposed 5-tier discount approach in their rate case, it will necessitate corresponding changes to the SMART program.

11. How could the program be designed to insulate projects and participants from unforeseen market circumstances that materially impact the value of the SMART program incentive? For example, global events impact supply chain and energy costs.

PosiGen supports SEIA's and NECEC's response to this question.

12. What additional consumer protection measures or modifications to existing measures should the SMART program incorporate to ensure such protections are achieving their objectives, especially as they pertain to low-income customers?

We believe the current disclosure form, net savings requirement, and contract requirements provide a strong base of consumer protections for low-income customers particularly for those who participate in SMART through leases or PPAs. We are unsure if the same protections are currently adequate if those customers are sold customer-owned systems which are likely financed. It is currently less clear how a financed/customer owned system is viewed in regards to the net savings requirement or if that is enforced (or if only enforced for PPAs and leases). Currently it is difficult to see how a financed system, particularly at current interest rates, would ultimately provide net savings for a customer even with a higher SMART incentive payment unless they are receiving additional financial support elsewhere.

13. Are there any Commonwealth policies (e.g., renewable energy goals, land use priorities, housing policy) that you believe the SMART program inadvertently conflicts with? Please describe any potential modifications to SMART that would alleviate these conflicts.

PosiGen does not have a response for this question.

14. Is there any additional feedback you wish to provide to DOER?

One challenge in providing comments on SMART program design for low-income customers is the uncertainty of how EPA Solar For All competition funding will impact the program landscape. Whether the Solar For All funding is a mutually exclusive option/program, in addition to SMART, or rolled into the existing SMART program would alter our recommendations specifically for low-and-moderate income residents.

If certain Solar For All requirements such as Davis-Bacon are ultimately applied to residential projects then it may make sense to keep the programs distinct and with both offering support to low-income households. The rationale for that approach is that some installers may be unwilling or unable to comply with the Solar For All requirements (or individual projects may not be able to participate for various reasons), so having the option of participating through SMART would be helpful in ensuring installers can serve LMI customers.

Ultimately we believe that the structure of the Solar For All funding and Massachusetts plan for it is likely better suited to address some of the major barriers to serving LMI communities and therefore believe it should be the primary program for expanding LMI residential solar deployment.