

Arcadia

February 2, 2024

BY ELECTRONIC MAIL

Samantha Meserve, E.I.T.
Director, Renewable and Alternative Energy Division
Massachusetts Department of Energy Resources
100 Cambridge Street, 9th Floor
Boston, MA 02114

Re: SMART Programmatic Review

Dear Director Meserve:

Arcadia provides the enclosed recommendations and comments for consideration by DOER Staff as they consider amendments to the Solar Massachusetts Renewable Target (SMART) program (225 C.M.R. 20.00).

If you have any questions, please do not hesitate to contact me.

Respectfully submitted on February 2, 2024,

/s/James Feinstein

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CC: Tom Michelman, Senior Director, Sustainable Energy Advantage
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I. INTRODUCTION

In these comments, Arcadia Power (“Arcadia”) responds to the following questions outlined in the SMART Stakeholder questions: 1, 3, 4, 5, 7, 10, 11, 12, 14. Arcadia’s comments explain how clear long-term goals and a more iterative program design, along with specific programmatic improvements, will help the state reach its objectives of deploying solar resources quickly and cost effectively while advancing environmental justice goals.

II. BACKGROUND OF ARCADIA

Arcadia is building the software necessary for everyone in Massachusetts to realize the full benefits of clean energy. Today, customers face a bewildering assortment of energy technologies – ranging from energy efficiency and renewable energy offerings to battery storage and electric vehicles – all of which have unique capabilities, costs, and user experiences. Arcadia’s software makes it possible for energy technology providers to delight their customers and move clean energy forward by enabling simple user experiences that save people money. Arcadia’s software has beneficially served the community solar industry since 2018. Arcadia currently manages more than 200,000 subscribers across 2 gigawatts of project capacity in thirteen states and the District of Columbia -- making it the largest manager of community solar subscribers in the United States.

Arcadia is active and deeply involved in Massachusetts, where it currently manages 211 MW across 62 projects and has a robust pipeline of projects in development. The quality and effectiveness of the SMART Program has enabled the deployment of significant community solar assets that are benefiting customers across the Commonwealth.

While the thoughtfulness and quality of the existing program have benefited many customers, Arcadia believes there are opportunities for improvement as the industry has evolved. Arcadia respectfully submits the following recommendations and comments to DOER.

III. RESPONSE TO QUESTIONS

QUESTION 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?

DOER should remove the Low Income Property Solar Tariff Generation Unit (STGU) adder for future projects and allow low and moderate income housing to qualify as a low income customers under the Low Income Community Shared Solar (“LICSS”) Tariff Generation Unit adder.

Arcadia understands the initial intent of the Low Income Property STGU adder was to provide a lower incentive to projects that enroll low income Multi-Dwelling Units (MDUs), because these large buildings often have professional management companies and would be able to sign long term contracts and otherwise reduce the subscriber management and replacement costs associated with low income residential customers. As of today, thirty Low Income Property STGUs have received Statement of Qualifications from the EDCs – twenty-six in Eversource’s and four in National Grid’s service territory.¹ However, in the current environment, that market has effectively dried up.

In today’s environment, the \$0.03 adder for Low Income Property projects is too small, and project developers are not interested in pursuing it. As a result, there is almost no opportunity for low income MDUs to enroll in community solar.

These MDUs would benefit greatly if they were allowed to qualify as low income customers for the purposes of the standard LICSS. The Maryland Community Solar Energy Generating Systems (“CSEGS”) program provides an explicit process for low income MDUs to qualify as low income subscribers for the purposes of the program:

“An operator of a low-income multi-family dwelling unit may apply to the Commission to qualify as a low-income subscriber for the purposes of the pilot program.”²

This feature of the Maryland program has been successful and is a simple way to bring more benefits to low income customers. The Tabco Towers low income MDU in Maryland is a great example of one such entity using this program feature to benefit low income customers. Tabco Towers has 200 low income units and an average annual resident income of \$16,477. In its

¹ Eversource and National Grid. SMART Low-Income Annual Report. Page 2. March 31, 2023.

<https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/17262729>

² Maryland. Code of Maryland Regulations. 20.62 - Community Solar Energy Generating Systems. 20.62.03.03D(4) <https://dsd.maryland.gov/regulations/Pages/20.62.03.03.aspx>

first year on an Arcadia community solar project they received \$28,000 in savings. The property managers are actively looking to enroll more of their low income MDUs in community solar.³

QUESTION 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?

Limited low income verification methods and the absence of net crediting dramatically limit low income customer participation in the SMART program today.

- A. The existing low income customer verification methods are the most restrictive in the nation. DOER should expand the available methods by which a customer may qualify as low income including through participation in Medicaid and all other government assistance programs, and through written attestation among other methods.

Today, there are only two ways for a customer to qualify as a Low Income Customer for SMART: 1) They are enrolled on an Electric Distribution Companies' ("EDC") low income discount rate; or 2) They live in a Low Income Eligible Area.⁴ This is noncomprehensive and leaves many legitimately low income customers unable to qualify as such for the purposes of SMART.

First, not all eligible customers actually participate in the available discount rates provided by the EDCs.

Second, the SMART program allows customers living in Low Income Eligible Areas to qualify by virtue of their census block group.

To better understand the efficacy of this verification method, Arcadia used official low income housing as a proxy. Arcadia discovered that 58 percent of official low income housing units in Massachusetts are located in SMART Low Income Eligible Areas, meaning that 42 percent of the official low income housing units are *not* located in Low Income Eligible Areas.⁵ While only a portion of low income customers live in official housing, Arcadia believes this is a reasonable proxy for the broader low income population. As such, it is reasonable to assume that in the ballpark of 42 percent of the Massachusetts low income population does not live in a low

³ Arcadia Power. Blog. Tabco Towers achieves significant savings with community solar. December 13, 2023. <https://www.arcadia.com/blog/tabco-towers-community-solar>

⁴ Massachusetts was a first-mover in allowing geoligibility to qualify some customers, which is laudable and has been helpful. However, significant barriers to low income customer enrollment remain.

⁵ Arcadia cross referenced the HUD "Find Affordable Housing Resources Near Me" tool with EOEEA's 2020 Environmental Justice Populations data. <https://resources.hud.gov/#>

income eligible area. These customers have no other way to qualify as low income for the purposes of the SMART Program other than being enrolled in the EDC's low-income discount rate, which is not ubiquitous.

Arcadia recommends DOER take the following actions to expand the means by which a legitimately low income customer may qualify as such for the purposes of the SMART program:

1. Allow verification of participation in any program that would qualify a customer for the R-2 discount rate class, such as Medicaid, to qualify as proof of low income status.⁶⁷
2. Allow customers to attest that their household income is below 65 percent of the statewide median income.
3. Allow customers who have no other way to verify their income status to provide pay stubs as verification that their household income is below 65 percent of the statewide median income.
4. Allow small businesses located in low income eligible areas to qualify as low income.
5. Future-proof LMI verification for Inflation Reduction Act augmentation by allowing all forms of verification authorized by the U.S. Department of the Treasury for the qualified low-income economic benefit project Investment Tax Credit adder under United States Public Law 117-169 Section 13103(2)(C).⁸

These elements for community solar programs have been adopted successfully in many other states. Notably, the following community solar programs allow self-attestation to qualify a customer as low income: Maryland, New Jersey, and Delaware, and the following programs allow multiple official income assistance programs to unilaterally qualify a customer as low income: New Jersey, New Mexico, Virginia, New York, Maryland, and Delaware.

- B. Net crediting is essential for increasing low income customer enrollment and is the only way to systematically allow the unbanked population and those who pay their utility bills in cash to participate in community solar. DOER should coordinate with the Department of Public Utilities (DPU) to require the EDCs to implement net crediting no later than January 2025.

⁶ Eversource. Massachusetts Discount Rate Program. The participation in any one of the following programs automatically qualify customers for the discount rate: MassHealth – Basic or Standard, Food Stamps, TAFDC, EAEDC, WIC, Supplemental Security Income, Veterans Chapter 115 Benefits, Veterans DIC Surviving Parent or Spouse, Veterans Non-Service Disability Pension, Head Start, or National School Lunch or School Breakfast Program. <https://www.eversource.com/content/residential/account-billing/payment-assistance/discount-rate>

⁷ National Grid. Low Income Discount Rate Application, including eligibility criteria. https://www9.nationalgridus.com/non_html/shared_low_income_appl.pdf

⁸ Necessary for compliance with Federal IRA funding and ensuring one set of low income verification methods may qualify a customer for both SMART and IRA low income project incentives.

Net crediting is a simplified billing solution that allows community solar customers to receive their community solar savings while paying just one power bill each month, instead of the traditional two.

Programs without net crediting require customers to pay both a standard utility bill *and* a community solar subscription fee. Customers must then true up these two bills – which generally have different billing periods – to understand their actual savings and total benefits of participating in the program. This confusing and burdensome setup leads to a bad customer experience and is correlated with more customers dropping out of the program and filing complaints—something that is particularly prevalent among low income households.

Net crediting removes the need for a subscriber to provide a payment method to the community solar provider, thereby removing one of the greatest barriers to participation. It works as follows:

- The utility includes both the community solar credits and the subscriber’s community solar subscription fee on the customer’s monthly utility bill.
- The utility remits the subscription fee directly to the project, thereby eliminating the need for the subscriber to pay the project directly.
- The subscriber sees their total monthly credits and associated savings right on their utility bill.

Importantly, net crediting allows customers to pay their community solar subscription fee through their existing payment methods. That means customers can continue to pay their power bill in cash at neighborhood convenience stores or utility payment centers. **Critically, this enables the 13.7 percent of the population that is unbanked⁹ (a category that overlaps significantly with low income households)¹⁰ to participate in the clean energy transition and benefit from regular savings.**

In addition, net crediting shifts the risk of nonpayment from the subscribers to the utility, while the utility receives the benefit of lower exposure to customer nonpayment and collects a fee, generally one percent of the allocated credits, to compensate. This reduces the risk to projects that enroll additional low income customer participation beyond the 50 percent requirement.

⁹ Federal Reserve Bank of Atlanta. Research and Reports. Consumer Payment Choice for Bill Payments. 2020. Page 21.

<https://www.atlantafed.org/-/media/documents/banking/consumer-payments/research-data-reports/2020/10/19/consumer-payment-choice-for-bill-payments.pdf>

¹⁰ Board of Governors of the Federal Reserve System. Report on the Economic Well-Being of U.S. Households in 2022 - May 2023. 17 percent of households with income below \$25,000 are unbanked; 13 percent of Black families and 10 percent of Hispanic families are unbanked, by comparison just three percent of White families are unbanked. <https://www.federalreserve.gov/publications/2023-economic-well-being-of-us-households-in-2022-banking-credit.htm#:~:text=Unbanked%20rates%20were%20particularly%20high,income%20of%20%2450%2C000%20to%20%2499%2C999.>

Leading community solar programs use net crediting to advance their clean energy and environmental justice goals. States with active net crediting today include New York, Illinois, Oregon, Virginia, and New Mexico. States that have approved net crediting and are in the process of implementing it are Minnesota, Maryland, and New Jersey.

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.

Arcadia leaves it to others to address the reservation period, but comments here on a critical timeline issue that also affects new projects: DOER should require EDC's to provide the initial credit allocation to customers within one billing cycle of the commercial operation date.

Today, from the time a project first energizes and begins producing credits, the EDCs generally take 3-6 months to allocate the initial credits to customer accounts. Then, they generally apply multiple months of credits to customer bills all at once. This excessive waiting period coupled with the large influx in credits creates a bad customer experience and is among the largest causes of customer disenchantment and attrition.

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.

DOER should transition the program from community solar to community renewable energy more broadly. Allowing all types of renewable energy and energy storage systems to participate will ensure this program supports Massachusetts' broader climate, energy, and grid goals. Arcadia understands that this is beyond the scope of the *Solar* Massachusetts Renewable Target program, though the Company strongly recommends DOER staff consider allowing standalone storage projects to participate in the program with a modified incentive structure.

QUESTION 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.

Improving the processes by which projects submit and DOER approves low income customers will reduce the burden on DOER and the program administrator, something that is increasing in importance given the expanding pipeline of Low Income Community Shared Solar projects slated to come online in the coming years.

Today, the only way for a project to verify customers residing in Low Income Eligible Areas as low income is to: 1) Take a screenshot of each customer's address within an eligible Census Block Group (CBG) as displayed on the Massachusetts 2020 Environmental Justice Populations map;¹¹ 2) Submit screenshots of each customer's address to DOER's program administrator. This inefficiency requires the program administrator to manually review individual screenshots for each customer to confirm their address is within a Low Income Eligible Areas.

When using Low Income Eligible Areas to verify customers' low income status, projects should be able to submit a spreadsheet populated with all pertinent information, including the low income customers' first and last names, addresses, utility account numbers, and their Low Income Eligible Area via the corresponding Census Block Group and GEOID.¹² A sample spreadsheet is provided in ATTACHMENT I, with columns B-AG pulled directly from EEA's spreadsheet; columns AI-AN being the customer data noted above, including the address that matches the low income eligible address in the EEA spreadsheet); and Column A which indicates the updated EEA spreadsheet that sourced this data.

This will allow the program administrator to more easily verify whether a specific customer is located in a Low Income Eligible Area while retaining full ability to double check this status by entering the customer's address into the Environmental Justice Populations map or other data.

To implement this streamlined approach, Arcadia proposes the following two-step process:

1. Project submits a spreadsheet with all underlying Low Income Eligible Area addresses subscribed to a project, with additional columns added including low income customer first and last names, addresses, and utility account numbers. This will be formatted so that each customer's address will line up with their

¹¹ Massachusetts Executive Office of Energy and Environmental Affairs. Massachusetts 2020 Environmental Justice Populations.

<https://mass-eoeaa.maps.arcgis.com/apps/webappviewer/index.html?id=1d6f63e7762a48e5930de84ed4849212>

¹² United States Census Bureau. Understanding Geographic Identifiers (GEOIDs).

<https://www.census.gov/programs-surveys/geography/guidance/geo-identifiers.html>

corresponding Low Income Eligible Area address as indicated in the EEA-provided spreadsheet.

2. The program administrator reviews this list and can match customer addresses and Census Block Groups with the provided data all in one spreadsheet.

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.

To further align SMART with state environmental justice goals, LICSS projects should be incentivized to allocate more than 50 percent of their energy output to low income customers.

LICSS projects should continue to have a 50 percent low income requirement and the associated base low-income incentive. These projects should also have the option to receive additional incentives for incremental energy output allocated to low income customers.

Specifically, LICSS projects should receive \$0.039/Wdc for the incremental capacity above 50 percent. For example, a project allocating 60 percent of its energy output to low income customers would receive an additional incentive of \$0.039/Wdc for the energy produced by 10 percent of project capacity. And a project allocating 75 percent of its energy output to low income customers would receive an additional incentive of \$0.039/Wdc for energy produced by 25 percent of project capacity.

Without such an incremental incentive, the higher costs of acquiring, managing, and replacing low income customers, leaves projects *discouraged* from acquiring more low income customers than the bare minimum. Intuitively, an incentive structure that actively entices projects to subscribe as many low income customers as possible is essential for delivering more savings to more low income customers.

QUESTION 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.

Two characteristics are essential for a community solar market to be capable of withstanding unforeseen circumstances and sustainably catalyzing clean energy development: 1) Long-term direction and assurance; and 2) More frequent design iterations and modifications.

Formalizing long-term goals through an industry roadmap or whitepaper provides a clear market signal that can shore up investment, development and broad industry interest. When investors, developers and other market participants see official markers, such as New York's 10GW Roadmap or the 10GW Order, they have a level of assurance that the state is committed to the program long-term, signaling a more reliable market with reduced political risk. Arcadia recommends DOER target 10GW community solar.

Proactively and routinely tweaking program design prior to extinguishing capacity and funds is essential for program resilience. Indeed, New York, home of the leading community solar market, which best-weathered the pandemic and associated supply chain constraints, program modifications that refine incentives and project requirements are routine. This ensures ratepayer funds are used most judiciously and ensures projects continue to adhere to as many state objectives as possible, even as they evolve with time.

Community solar programs cannot be in a 'set it and forget it' state and still be expected to weather substantial unforeseen circumstances. Rather, government stakeholders need to be active participants in the market to best work through exogenous challenges. More frequent iterations and review of incentive levels are necessary to ensure that proper incentives are in place to stimulate the necessary amount of development while ensuring judicious expenditure of ratepayer money.

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?

Arcadia recommends that four additional consumer protections and enhancements be incorporated into the SMART program including: A) Allowing projects to make monthly subscriber allocation updates; B) A prohibition of credit checks as a qualification criteria for low income and residential customers; C) A prohibition of early termination fees for low income and residential customers; and D) EDC Billing and Crediting Performance Metrics and Negative Revenue Adjustments. Additionally, as explained in our answer to question 3 above, net crediting with guaranteed savings provides unparalleled consumer protection.

- A. Require utilities to accept and process subscriber allocation updates every month, at a minimum.

Customers are better off when they can enjoy the benefits of a community solar subscription without long-term contracts or early termination fees. However, that is not always

feasible for Massachusetts families today. The existing rules only allow subscriber allocations to be updated twice a year, whereas most states allow these updates on a monthly basis. To hedge against losses caused by families leaving projects ahead of their biannual updates, projects in Massachusetts often have no choice but to require long-term contracts and early termination fees. Projects that choose otherwise are penalized and bear the burden of missed revenue caused by customers who move or otherwise leave a project.

For example, assume that a project updates their subscriber allocation list on January 1, 2024. The next day, on January 2, one customer moves out of state terminating their subscription. Without being able to quickly update the subscriber allocation list, the project sponsor would not be able to backfill for that customer, and therefore, cannot collect a subscription fee for their portion of the project, for six months, or until they use their one remaining subscriber allocation update for the year. This is a bad practice that punishes families who are often required to sign long-term contracts or risk early termination fees, should they move.

Arcadia understands the EDCs may temporarily allow up to four updates a year. This is no replacement for a requirement of monthly updates. Without a requirement in rules, the EDCs may change course at any time. In addition, one update every three months does not offer the same protection as updates every month.

The SMART program has the least frequent subscriber allocation updates in the nation. Programs in New York; Maryland; Washington, DC; Illinois; and Maine all allow subscriber allocations to be updated on a monthly basis, at a minimum.

Maryland maintains robust rules governing the precise subscriber allocation update process and the associated data exchange portal, for convenience, these are included in the APPENDIX. Arcadia recommends DOER draw from the Maryland rules as a foundation for this improvement.

B. Prohibit credit checks as a qualification or screening criteria for low income and residential customers

A prohibition on credit checks as a qualification criteria will ensure program access for all customers, particularly those that are low and moderate income or members of EJ communities.¹³ The Consumer Financial Protection Bureau (CFPB) produced a report finding that families in majority Black and Hispanic neighborhoods are more likely to have disputes over inaccurate information included on

¹³ Maryland Department of the Environment. Environmental Justice Implementation. <https://mde.maryland.gov/programs/crossmedia/environmentaljustice/Pages/index.aspx>

their credit reports than families in majority white neighborhoods.¹⁴ Including inaccurate information on a credit report can reduce a customer's credit score below the threshold required for participation in a project, through no fault of their own. This runs counter to the program's goals.

If projects are allowed to exclude customers because they have a credit score below a certain limit, the impact will be disproportionately felt in communities that tend to have lower credit scores as a result of inaccurate information on credit scores, historic lack of access to capital, and other factors. In order to meet the State's objectives of increasing access to clean energy to LMI communities, eligibility screening should not exclude customers based on their credit score.

Credit checks are unnecessary for project financial viability. Historically, some project developers and financiers sought to manage nonpayment risk by requiring credit checks when screening for eligibility and early termination fees. Those terms are bad for customers, and today they are not necessary. Subscriber organizations have a number of alternative methods to decrease the risk of a prospective subscriber failing to pay their subscription fees and to otherwise reduce the risk of non-payment, including having a diverse customer base and examining a customer's utility bill payment history.

In sum, requiring credit checks is a needless barrier to program access for many top priority customers. Arcadia suggests these terms be prohibited outright, as the Maryland CSEGS program and Virginia shared solar program have done. Specifically, Arcadia recommends DOER adopt Virginia's language:

Virginia code

§ 56-594.3(F)13. Prohibit credit checks as a means of establishing eligibility for residential customers to become subscribers;¹⁵

C. Preclude the use of early termination fees and exit fees for residential customers and small businesses

Early termination fees and exit fees for residential customers are unnecessary to project security, and result in needlessly discourages customer participation in community solar. Low income households move at twice the rate of the general population at 19 percent per year, compared to 10 percent per year,

¹⁴ Consumer Financial Protection Bureau. CFPB Finds Credit Report Disputes Far More Common in Majority Black and Hispanic Neighborhoods: Report Provides Additional Insight into Previously Observed Trends. November 2, 2021. <https://www.consumerfinance.gov/about-us/newsroom/cfpb-finds-credit-report-disputes-far-more-common-in-majority-black-and-hispanic-neighborhoods/>

¹⁵ Code of Virginia. § 56-594.3 Shared solar programs. § 56-594.3(F)13. <https://law.lis.virginia.gov/vacode/title56/chapter23/section56-594.3/>

meaning that they would be twice as likely to need to pay these fees.¹⁶ Please also note the relationship between this issue and the ability to update subscriber allocations addressed in part A of this response.

D. SMART Billing and Crediting Performance Metrics and Negative Revenue Adjustments (NRA) tied directly to the EDC's SMART billing and crediting performances is a foundational programmatic improvement that is essential for customer protection.

EDC errors in billing and crediting are a leading cause of customer frustration, customer complaints, and customer attrition. Reducing EDC billing errors will directly correlate to higher customer satisfaction, greater savings, and fewer customer complaints.

Following sixteen months of stakeholder engagement and multiple conferences, the New York Department of Public Service (DPS) recently published a Staff Proposal that would require the utilities to track and report on six discrete community solar billing and crediting performance metrics primarily associated with the timeliness and accuracy of the application of credits and responsiveness to developer and subscriber organization communications.

1. Billing and Crediting Accuracy;
2. Accuracy of the Total Value of the Credits Earned Across the Service Area;
3. Accurate Application of Billing Credits;
4. Customer Complaints Regarding Transfer, Billing, and Crediting Timelines;
5. Utility Response Time to Allocation Lists; and
6. Utility Response Time to Host Communications.

The Proposal would require the utilities to track these metrics on a monthly basis and report their performance to DPS on a quarterly basis. Additionally, DPS Staff has proposed implementing a Negative Revenue Adjustment on the utilities for every instance in which they do not meet baseline expectations on each of the six performance metrics. Staff proposes a maximum basis point exposure of 41 basis points; this would amount to millions of dollars in negatively adjusted revenue for not hitting baseline billing and crediting performance expectations. Staff suggests that the proposed NRAs should be sufficient to incentivize the utilities to invest in their billing systems at a level that should prevent additional CDG customer billing and crediting issues.

¹⁶ Brett Theodos and Sara McTarnaghan, Urban Institute; Claudia Coulton, Case Western Reserve University. *Family Residential Instability: What Can States and Localities Do?*
https://www.urban.org/sites/default/files/publication/98286/family_residential_instability_what_can_states_and_localities_do_1.pdf

Additionally, DPS Staff proposed that utilities provide a \$10 per month bill credit for failure to provide bill credits in a timely fashion, quarterly reporting of billing and crediting performance, and quality assurance protocols.¹⁷

Arcadia strongly recommends that DOER and DPU follow suit so Massachusetts remains a leader in safeguarding community solar participants and ensuring program participants receive the credits they are entitled to on a timely basis. The New York NRA model provides an exceptional, data-driving model and Arcadia recommends Massachusetts use this as a straw proposal.

- E. Timely net crediting implementation is essential to program success. For more detail, please refer to Arcadia's response to Question 3 above.

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

Arcadia has three additional recommends for DOER and the SMART program: A) Allow unsubscribed credits banked with the project to rollover for two years; B) Facilitate a billing and crediting working group composed of EDCs, community solar companies, and ratepayer advocates; C) Prohibit municipal aggregation community solar opt-out enrollment.

- A. The SMART program should allow unused credits banked with the project to rollover for a minimum of two years.

As Arcadia explains in detail below, it is always in the best interest of the subscribers – and the program – to allow these credits to rollover as long as possible.

Arcadia understands the intuition that causing unsubscribed credits to expire after one year would incentivize projects to maintain 100 percent offtake. Unfortunately, this is not practical, and so any incentive is not effective.

In reality, this type of credit expiration date disincentivizes utilities from properly updating subscriber allocations in a timely and accurate manner. Keeping subscriber allocation lists accurate and up to date is a consumer protection essential for ensuring customers receive the credits they are entitled to, as described in Arcadia's answer to Question 12 above. The less accurate the subscriber allocations, the more credits that remain unsubscribed and banked on the project. And the more credits that are erroneously banked on the project, the more likely it is that some expire after the one-year period, meaning utilities do not need to pay for the associated

¹⁷ New York Department of Public Service. Matter Master; 19-01480/19-M-0463. Staff Proposal-CDG Billing and Crediting Metric+NRA, CDG Metric-NRA Reporting Template, and CDG Proposal Cover Letter. <https://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?Mattercaseno=19-M-0463>

electricity. Allowing credits to expire means that if a project is unable to apply credits to customer accounts within one year, the utility benefits by receiving the associated electricity for free.

This also means that Alternative On-Bill Credits, net metering credits and any other compensation mechanism loses value over time. This decay in value directly translates to reduced investment and solar development.

Being able to roll over unsubscribed credits is the last line of defense against EDC billing and crediting errors. For example, consider a newly energized project for which the project owner submits subscriber allocations covering the entire 100 percent of offtake. If the EDC does not properly update the allocations or erroneously only subscribes it to 50 percent of off takers for the first seven months, the project will have substantial difficulty allocating all of those unbanked credits within a year. A challenge that will be further exacerbated by additional billing errors. Rather, allowing credits to roll over for a longer period of time provides projects the flexibility needed to smooth over EDC billing errors and preserve a reasonable customer experience.

Other stakeholders might suggest that credit expiration is a necessary incentive for projects to be fully subscribed at all times. Yet projects are already strongly incentivized to be fully subscribed. Customer subscription fees are a key component of project revenue, and subscription fees are derived from the bill credits a customer receives. There is nothing a project can charge a customer for unless they are receiving credits, and naturally, the more credits they receive, the more the project can charge.¹⁸ It is not possible for a project to charge a customer for unsubscribed credits, and the project has an inherent incentive to fully subscribe the project and apply credits to customer accounts as quickly as possible. A fully subscribed project means a full revenue stream for the project whereas a partially subscribed project means a partial revenue stream for the project.

The recommended solution is to allow unsubscribed credits banked with the project to roll over with full value for two years, at a minimum, and be allocated to subscribers during that time. This is the industry standard and precisely how the nation-leading New York CDG program governs unsubscribed credits banked with the project.¹⁹

¹⁸ For example, assume a customer with a 20 percent discount. If they receive \$10 in AOBCs in a given month, they will pay \$8 to the project in the subscription fee and see \$2 taken off their electric bill. If that same customer were to receive \$100 in AOBCs, they would pay a \$80 subscription fee to the project and net \$20 savings off their utility bill.

¹⁹ New York Department of Public Service. Order Clarifying Banking Rules Under the Community Distributed Generation Program. Page 3. Case 15-E-0751.
<https://documents.dps.ny.gov/public/MatterManagement/CaseMaster.aspx?MatterCaseNo=15-E-0751&CaseSearch=Search>

- B. DOER should facilitate a billing and crediting working group to help the program systematically address billing and crediting challenges that hinder the SMART program and lead to customer complaints.

No factor influences a customer's SMART community solar experience more than billing and crediting. A customer who receives their expected savings in a predictable, reliable manner enjoys the program and appreciates the associated benefits. Customers who do not receive the savings they expected or receive savings that are unpredictable in timing or unreliable in frequency have a bad experience and are more likely to terminate their subscription and file complaints with the community solar provider, utilities or regulators. Arcadia draws this conclusion from its broad experience managing more than 200,000 customers enrolled in community solar nationwide – more than any other community solar company or EDC.

Arcadia understands and appreciates that the EDCs have multiple priorities, and likely receive many requests from across the community solar industry. As such, Arcadia recommends that DOER establish a formal working group to address the most problematic billing and crediting challenges customers, providers, and the EDCs face today. DOER should look to the New York CDG billing and crediting working group as a foundation for establishing a similar working group in the Commonwealth. This will allow entities to prioritize the most important changes, reach consensus, and ensure there is robust industry buy-in in EDC billing system modifications.

- C. Municipal aggregation SMART community solar opt-out enrollment should be prohibited.

Arcadia strongly recommends opt-out enrollment be prohibited and provides a brief summary of the reasons this would be a policy mistake below. Please refer to the filing made by three companies in DPU 23-67 for a fuller explanation, which is available in ATTACHMENT II.

1. Opt-in community solar is the most cost-effective way for Massachusetts to reach both climate and environmental justice goals.
2. Allowing municipal aggregations to automatically enroll customers will result in ratepayer-funded windfall profits for certain market participants while resulting in lower value for the Commonwealth.
3. Municipal aggregation SMART opt-out will result in either officials selecting winners and losers OR de minimis savings for all low income customers
4. Municipal aggregation SMART opt-out would lead to geographically discriminatory customer access and participation.
5. Other jurisdictions have grappled with similar issues and have refused to permit municipal aggregation opt-out enrollment for community solar.

6. Billing and crediting and broader consumer protections need to be fully addressed before any opt-out program can be pursued, given that municipal aggregation SMART opt-out enrollment will largely remove subscriber organizations from the market.
7. Customers enrolled in SMART via opt-out enrollment would be subjected to substantial administrative burden and confusion.²⁰

IV. CONCLUSION

Thank you for the opportunity to submit these comments. Arcadia looks forward to working with DOER and other stakeholders to improve the strong foundation of the SMART Program and ensure that it evolves to continue to advance the Commonwealth's goals in an efficient, equitable, and expeditious manner.

²⁰ Massachusetts Department of Public Utilities. Docket: 23-67. Comments on behalf of Arcadia Power, Inc., Solar Simplified, Solstice, and Perch Energy Inc.. December 19, 2023.
<https://eeaonline.eea.state.ma.us/DPU/Fileroom/dockets/bynumber/20-145>

APPENDIX - Maryland CSEGS rules governing the subscriber allocation update process, associated utility data portals, and host report timing.

.04 Subscription Credits.²¹

A. Subscriber List.

(1) List Composition.

(a) A subscriber organization shall provide the electric company with electronic data indicating the proportion of a community solar energy generating system's output that shall be applied to each subscriber's bill.

(b) An electric company may develop an alternative format for processing subscriber lists.

(2) Update Frequency.

(a) A subscriber organization may at any time provide an updated subscriber list to an electric company.

(b) A subscriber organization shall provide an updated subscriber list via the designated electronic portal maintained by the electric company under §H of this regulation or any other format accepted by the electric company.

(c) An electric company shall use the most recent subscriber list provided by a subscriber organization, subject to submission deadlines incorporated by tariff and accepted by the Commission.

(3) An electric company shall apply credits using the most recently updated subscriber list provided by the subscriber organization.

B. An electric company shall determine the amount of kilowatt hours to be credited to each subscriber by multiplying the subscriber's most recent generation proportion from §A of this regulation by the metered output of the community solar energy generating system.

C. Application of Subscription Credits.

²¹ Maryland. Code of Maryland Regulations. 20.62 - Community Solar Energy Generating Systems. 20.62.02.04. <https://dsd.maryland.gov/regulations/Pages/20.62.02.04.aspx>

(1) Unless otherwise directed by the Commission, an electric company may choose to apply the appropriate kilowatt-hour credit from §B of this regulation to each subscriber's bill as either a reduction in metered kilowatt-hour use or a dollar credit to the subscriber's billed amount.

(2) An electric company shall choose the same method for all subscribers in a project.

D. If the electric company chooses to apply the credit from §C of this regulation as a dollar amount, the electric company shall apply a credit no less than the value to the subscriber of the credit had it been applied to the subscriber's bill as a reduction in metered kilowatt hours.

E. An electric company shall retain a record of a pilot project's kilowatt hours applied to each subscriber's account for a period of 7 years.

F. Subscription credits shall carry over to the next month's bill until the earlier date on which:

(1) The subscriber's account is closed; or

(2) The subscriber's last meter reading prior to the month of April.

G. Subscriber credits that are not carried over under §F of this regulation shall be handled as excess generation.

H. Electronic Portal.

(1) An electric company shall establish and maintain an electronic portal that allows a subscriber organization to provide subscriber lists to the electric company for crediting as required by this regulation.

(2) An electric company that has established an electronic portal prior to the effective date of this regulation shall maintain an electronic portal with the capability that is specified in §H(3) of this regulation for the period of time specified in COMAR 20.62.02.10B for each CSEGS in the program.

(3) An electric company shall allow a subscriber organization to input data electronically in batches of up to 1,000 subscriber accounts per CSEGS, including the ability to add new subscribers, remove subscribers, and edit the allocations of existing subscribers.

(4) Electric companies that do not currently have the capabilities in §H(3) of this regulation as of the effective date of this regulation shall implement these requirements no later than 12 months from the effective date of this regulation.

I. Electric Company Credit Allocation Reporting.

(1) An electric company shall provide a subscriber organization with a report detailing each subscriber's credit allocation.

(2) An electric company shall provide the report described in §I(1) of this regulation no later than the last day of each calendar month following the month of the CSEGS meter reading by the electric company.