

SMART Policy Review Comments

February 9, 2024

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?

Low Income Solar Tariff Generation Units (LISTGUs).

Of 478 MW of small (<25 kW AC) systems enrolled in the SMART Program to date, only 21 MW or 4.4% are LISTGUs.¹ For context, roughly 34% of households in the state have incomes below \$50,000² and would likely qualify as Low Income Customers under current SMART guidelines. The vast majority of capacity block allocations went to non-low income systems, which effectively decreased the SMART value available to LISTGUs without proportionately benefitting Low Income Customers.

Therefore, we recommend that:

- A. The DOER resets the total compensation rate (i.e., the sum of BTM VOE³ and the solar incentive payment) for LISTGUs to be $\geq \$0.40/\text{kWh}$
- B. LISTGUs be exempted from declining block values, so that this total compensation rate remains constant for the duration of the program.

The rate of installations of LISTGUs must increase substantially under the successor program to make up for the disparity created by the SMART and SREC programs so far, and we believe these two changes will help close the gap.

Because these increases to compensation available to LISTGUs would spur solar companies to ramp up outreach and sales efforts targeting Low Income Customers, the DOER should increase applicable consumer protections.

¹ <https://www.mass.gov/doc/smart-solar-tariff-generation-units>

² Compare to median household income of \$74,755; <https://data.census.gov/table?q=DP03>

³ Behind the meter value of energy

- A. Nearly three quarters of the 21 MW of LISTGUs currently enrolled in the program is third-party owned (TPO)⁴, so protections for TPO customers will be critical. Namely, the DOER should require that purveyors of TPO LISTGUs a) provide customers with minimum annual bill savings of 10% and b) guarantee this savings rate for the full term of their contract.
- B. The DOER should also consider adding protections for direct ownership LISTGUs, for example, a minimum simple payback period of 10 years, calculated as the capital cost of a system divided by its estimated annual net profit.⁵
- C. The suspension period for companies that do not comply with program consumer protection guidelines should be increased from 12 to 24 months.
- D. The DOER should update Small System Consumer Disclosure Forms in accordance with the recommendations above.

Separately, Section 5 of the current Guideline Regarding LISTGUs enables systems that allocate at least 15% of their output to Low Income Customers at no cost to qualify as LISTGUs.⁶ This provision has the potential to increase adoption substantially by enabling TPO models and by incenting non-low-income system owners to donate credits to low-income customers, e.g., via the [Solar Equity Platform](#) that Resonant Energy developed with support from the Massachusetts Clean Energy Center and the Department of Energy. However, companies and nonprofits have not been able to use this mechanism to its full effect because declining block values quickly negated the incremental financial benefit of qualifying systems as LISTGUs. Therefore, we believe it's critical to preserve this credit allocation mechanism as a means of qualifying LISTGUs while increasing the LISTGU SMART compensation target as recommended above.

We encourage the DOER to update and/or streamline provisions allowing the owners of non-LISTGU systems that are generating excess bill credits under existing incentive programs to a) designate Low Income Customers to receive their bill credits, b) withdraw their systems from the original incentive program, and c) re-enroll their systems as LISTGUs under the SMART successor program in order to receive the increased total compensation rate. Such systems would have to allocate at least 15% of their total output to Low Income Customers at no cost, as required under the current Guideline. And the Incentive Period available to them under the SMART successor program could be prorated, such that the total Incentive Period applicable to the system would not be longer than the Incentive Period of the original program (for example, a system in year 3 of an original Incentive Period of 10 years would be eligible for 7 years of incentives under the new program).

⁴ <https://www.mass.gov/doc/smart-solar-tariff-generation-units>

⁵ For example, a \$30,000 system would need to reasonably estimate a net profit of \$3,000 per year.

⁶ <https://www.mass.gov/doc/low-income-guideline-final-clean-092221/download>

Lastly, there is a substantial number of low income housing rental properties that would qualify for the Low Income Property adder, but are too small to meet the required 25 kW AC threshold. These properties are also excluded from LISTGU incentives under the current program because they are not owned directly by Low Income Customers. Nevertheless, these small affordable housing properties, often owned by nonprofit community development corporations (CDCs), are a critical source of affordable housing in the Commonwealth.

Therefore, we recommend that the DOER expands its definition of LISTGUs as follows:

A Solar Tariff Generation Unit with an AC rated capacity of less than or equal to 25 kW that either a) serves Low Income Customers, or b) provides all of its generation output in the form of electricity or bill credits to low or moderate income housing as defined in the section on Low Income Property Solar Tariff Generation Units below.

Low Income Property Solar Tariff Generation Units (LIPSTGUs).

We recommend that the DOER revises the definition of LIPSTGUs as follows:

A Solar Tariff Generation Unit with a rated capacity greater than 25 kW that provides all of its generation output in the form of electricity or bill credits to a) low or moderate income housing, as defined under M.G.L. c. 40B; b) condominiums that are deed-restricted to provide low-income home ownership or rental opportunities; c) homeless shelters; d) a residential rental building that participates in a covered housing program as defined in section 41411(a) of the Violence Against Women Act of 1994 ([34 U.S.C. 12491\(a\)\(3\)](#)); e) a housing assistance program administered by the Department of Agriculture under title V of the Housing Act of 1949; f) a housing program administered by a Tribally designated housing entity as defined in section 4(22) of the Native American Housing Assistance and Self-Determination Act of 1996 ([25 U.S.C. 4103\(22\)](#)); or g) such other affordable housing programs as the DOER may provide.

This expanded definition would more accurately reflect diverse sources of affordable housing across the Commonwealth, including those that are not currently covered under M.G.L. c. 40B. Importantly, it would also align the SMART successor program with the definition of “low income property” applicable to solar systems under the 2023 Inflation Reduction Act.

In line with our recommendations regarding LISTGUs, we urge the DOER to exempt LIPSTGUs from the declining block system, in favor of a total compensation rate that remains fixed for the duration of the new program. To align low income property incentives in Massachusetts with those currently available in Connecticut, where installation costs and electricity rates are similar, we recommend a total compensation rate of $\geq \$0.37/\text{kWh}$. These changes will make up for the shortcoming of incentive programs to date, where the rapid deployment of non low income systems has eaten into the incentives available to low income systems, and deployment of low-income systems has lagged. For example, under the current program, the community shared solar adder is in the 13th tranche, while the low income community shared solar adder is only in the 4th tranche, and the low income property adder is still in the first tranche.⁷

Lastly, we recommend that the DOER coordinates with electricity distribution companies (EDCs) to streamline the allocation of benefits of LIPSTGUs to the tenants of host properties:

- Require EDCs to share lists of meter numbers associated with low income properties with owners of eligible LIPSTGUs, and enable LIPSTGUs to allocate credits to units within host properties by using meter numbers instead of utility account numbers. This system is already in place in California, and would ensure that benefits are tied to each rental unit, while obviating the need to update credit allocations via Schedule Zs every time a tenant moves. It would also significantly reduce the administrative burden on low income properties and solar companies required to identify all eligible low income utility accounts for a given property.
- Allow LISTGUs to be sized according to the total usage of a multifamily property so long as they allocate a minimum benefit to each tenant, for example, 20% annual electricity bill savings. This would eliminate the need for LIPSTGUs to restrict their size to serve only common area meters.

b. Should other project types also be prioritized?

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?

Low Income System Exemption. As noted above, the declining block model should be eliminated for LISTGUs and LIPSTGUs to offset the disproportionate benefit that has gone to non low income systems to date.

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?

⁷ <https://masmartsolareversource.powerclerk.com/MvcAccount/Login>

Assignment of Renewable Energy Certificates (RECs): New municipal building ordinances require properties to meet on site greenhouse gas (GHG) reductions, for example Cambridge [BUEDO](#) and Boston [BERDO](#). In some cases, these ordinances require building owners to retire RECs from on site renewable energy systems like solar. Because the current program requires solar system owners to assign all RECs to EDCs, it risks forcing customers in these jurisdictions out of the program and leaving them with no good options for complying with the GHG reduction ordinances.

Therefore, we urge the DOER to give participants in the successor program *not* to assign their RECs to EDCs, in exchange for a reasonable reduction in their total compensation rate, most likely in the range of \$0.02 - \$0.03/kWh.

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.

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 to spur project development of the project type.

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?

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.

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.

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.

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.

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.

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?

As detailed above, the DOER should increase the consumer protections applicable to LISTGUs.

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.

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