



To: Massachusetts Department of Energy Resources

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Re: SMART Program

February 2, 2024

Thank you for requesting feedback about the SMART program. We are pleased to provide answers to the questions below.

Large swings in the SMART base incentive value and uncertainty about its availability have caused tremendous disruption in the market. In our comments below, we'll address challenges with the program from the perspective of a developer focused on behind the meter ("BTM") C&I projects serving both public and private sector customers. The four most urgent areas of need are:

1. **Fix the Value of Energy (VOE) formula for Behind the Meter projects:** The 2024 VOEs yield \$0 incentive for dozens of MWs of projects in the pipeline that have not yet received a SMART PSoQ. These are at risk of failure. Please do not wait for the new program or new iteration of the SMART program to address this critical issue.
2. **Increase the incentive values in outer blocks** so as to provide sufficient savings and ROI.
3. **Exercise DOER's authority to take unilateral and decisive action on SMART regulations** to respond to unforeseen market changes in a reasonable period of time, given the DPU's significant workload and excessively long adjudicatory timeline.
4. **Consider the benefits of increasing the building-mounted and Canopy Adders.** Rooftop projects are desirable for a multitude of reasons - utilizing developed space versus greenfields, offsetting load at the building, reducing stress on the grid. The canopy development and construction costs have increased significantly, while the SMART amounts in base incentives have declined. These 2024 canopy proposals are being rejected by customers.

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.

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

Rooftop projects are desirable for a multitude of reasons - utilizing developed space versus greenfields, offsetting load at the building, reducing stress on the grid. We recommend increasing the Build-mounted Adder to recognize these benefits as well as the increasing cost of interconnection for BTM rooftop systems.

The current Canopy Adder does not sufficiently cover the significant added cost of constructing canopies. A higher adder is needed to make canopy-mounted arrays an economic option for our customers. Additionally, SMART is over-restrictive on the siting of canopies. We recommend updating the canopy area restrictions to enable developers to plant columns outside of parking areas as long as the canopy covers parking and pedestrian areas.

The Energy Storage Adder is well-designed in that it creates a long-term revenue stream from the battery that banks are comfortable with. By contrast, banks view the Connected Solutions and Clean Peak programs as carrying too much uncertainty. We have many customers, particularly public schools, that could benefit from a battery, but the SMART Storage adder is not sufficient to enable the battery to be financed and offered as a “Hybrid PPA”. We recommend a higher storage adder (or multiplier) to unlock small to mid-sized commercial batteries in the 25 to 1000 kW size range that do not enjoy the same economies of scale that larger batteries do.

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?

When the SMART program was rolled out in 2016, the interconnection environment was very different than it is today. The timeline between interconnection application (IA) and receiving an interconnection service agreement (ISA) was typically less than a month for a BTM C&I project. Utility Group Studies had not yet taken place in MA and it was the rare project that was required to go through a System Impact Study. The situation is drastically different in 2024. Solect currently has 34 BTM projects representing 13.5 MW stuck behind utility group studies.

To make SMART more equitable in this new interconnection environment, we recommend that all Behind the Meter projects can secure a SMART PSoQ upon interconnection application, and not have to await an Interconnection Services Agreement. DOER designed the declining block structure assuming future cost reductions that have not materialized. Since SMART’s launch in 2016, DOER has not performed an evaluation of block declines regardless of macroeconomic changes. Solect is aligned with fellow SEBANE members in recommending that blocks be time-based and not capacity-based so that developers know what block is available when. We also support a shift from a declining block to adjustable block structure to more easily reflect economic reality.

The cost of developing a BTM C&I energy storage project is not declining. We estimate that Massachusetts is only 17% of the way toward the 2020 stated goal of 106 MW of BTM C&I energy storage that was established in DOER’s “State of Charge” report in 2016, based on ConnectedSolutions program

enrollments. We therefore recommend that DOER remove the declining block structure for the Energy Storage Adder.

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?

We recommend that new projects to be installed at locations with existing projects that have or had incentives from prior programs will be eligible to qualify for a new SMART award.

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.

Interconnection timelines are never-ending. For example, canopy projects often have lengthy timelines, requiring town meetings, planning board and conservation commission reviews, and extensive engineering analysis. Projects at public and private schools frequently limit site access for installations to summer break. Such extended timelines frequently put our projects at risk of losing PSOQ. We recommend the SMART reservation period should be for at least 18 months from when ISA is received or the SMART PSOQ, whichever is later.

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.

EDCs are currently piloting a Flexible Interconnection program that adds upfront costs (e.g., controller) while potentially diminishing revenue through curtailment. We recommend a Flexible Interconnection Adder to make this a more economically viable option for customers. Flexible Interconnection could be an economic path for public entities in cities where hosting capacity is most limited.

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?

For building mounted STGU's, overlaying a site plan with the MassMapper farm soils should not be required. That does not affect the incentive.

Applying for the claim of storage adder after PV claim is approved is problematic. There is no way in the portal to put the claim for the storage adder in. This needs to be addressed.

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.

Clearesult is not adequately staffed with people that can answer questions related to the portal or program requirements, with the exception of two people. The two people that are qualified are knowledgeable and pleasant to work with. However, since it is only two people, at times, responses from Clearesult are delayed.

It would be helpful if non-material changes after a PSoQ could be submitted along with the claim. For instance, changing the system owner requires a change request and approval before submitting the claim. Approvals to change requests can take anywhere from a few days to a month or more, which can delay the claim submission.

We recommend adding an option to request a rate class change. At times, rate class changes, affecting the VOE. Currently, there is no method in the portal to request the rate class change.

We recommend a change in how program application correction emails get sent. Either send those only to the applicant or, if sending to the system owner or customer of record, have details on what the corrections are in the email. Not being the applicant, the customer of record frequently gets concerned when seeing that email and reaches out to the applicant.

Similar to Eversource's IA portal, we recommend an "Ask a Question" button that can be tied directly to a SMART ID for specific questions.

Finally, we recommend streamlining the claim review process with timelines that utilities, Clearesult, and DOER must meet so claims aren't unapproved for months and in numerous cases delaying the Payment Effective Dates.

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.

If canopy foundations are not in pavement, but cover the parking or pedestrian areas, the entire project should qualify for the Canopy adder.

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.

See Solect's reply to Question #10 combined with our reply under Question #11.

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.

The VOE calculation is out of sync with market prices. The wholesale electricity price spike in late 2022 and early 2023 has resulted in a 2024 VOE that is 2.5 cents higher than the 2023 VOE. This has the effect of wiping out the SMART incentive value for BTM projects at a time when wholesale prices have returned to their pre-spike levels. We had strongly recommended a temporary VOE rate freeze at the 2023 rate. Solect is aligned with fellow SEBANE members in recommending an incentive payment calculation that avoids such large spikes in the future. We recommend a two-step approach:

- Immediately reset the VOE and Incentive values for all meter classes to the 2023 amounts until a new or revised SMART program with longer term incentive support goes live.
- Create a base VOE rate that is stable and not subject to extreme volatility as has just been experienced, and reflects current costs of project development and delivery, perhaps with a floor price to prevent bottoming out of SMART values.

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 requirements are sufficient.

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.

Net Metering. This is an important tool that has been ignored by the DPU for several years. National Grid public Net Metering is still not available.

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

Currently, Net Metered sites may buy back capacity rights, but sites receiving Alternative On Bill Credits (AOBC) may not. This represents an inequity for those system owners that have no other choice because of net metering caps but to opt for the lower AOBC rate. Enabling these system owners to buy back their capacity rights, both retroactively and going forward, would correct this inequity. Capacity rights enable the system owner to participate in the ISO-NE Forward Capacity Market, realizing an important supplemental revenue stream.

Thank you,

Solect Energy