



February 2nd, 2024

Department of Energy Resources
100 Cambridge Street, 9th Floor
Boston, MA 02114
Attn: Samantha Meserve

Re: Request for SMART Review Stakeholder Comments

Thank you for the opportunity to submit comments relating to the existing SMART program during the DOER's program review. [Sunwealth](#) is a clean energy investment firm that finances community-based solar projects across the country. We invest in a better energy future by financing and managing solar projects that benefit diverse communities through clean power, carbon reduction, cost savings and job creation. We partner with skilled local solar installers, community organizations and local businesses, and investors to change who benefits from renewable energy by changing the way we invest in it.

Sunwealth identifies the following as the significant issues and opportunities that the DOER and SMART program should consider while designing SMART 3.0:

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?**

The offtaker-based SMART adders have been instrumental in helping Sunwealth and other leaders in the low-income community solar space to deliver significant energy savings to low-income residents across the state. To make these offtaker-based adders even more effective, the SMART program could fix their value for the duration of the SMART 3.0 program and exempt them from the declension applied to the rest of the SMART project specific adders. By doing so, the DOER and SMART program would be taking an equity-first approach to meeting the Commonwealth's 2050 GWSA mandates. Fixed offtaker-based adders, especially for low-income properties and LICSS projects, would further incentivize solar developers to prioritize projects that benefit low-income communities and residents of affordable housing across Massachusetts.

To encourage solar development on non-rooftop hardscapes, the SMART program should consider implementing a higher solar canopy project specific adder to offset the corresponding material costs. Although the Inflation Reduction Act established a domestic content bonus credit to support solar canopy projects development, the IRS has yet to issue final guidance which has



left many developers unable to submit for and claim this bonus credit for canopy projects that are currently under development. Even with the domestic content bonus credit and the current SMART solar canopy adder, canopy project economics in MA are often not economically feasible. If the DOER intends to incentivize solar canopy development, a higher value SMART canopy adder is needed in order for the SMART program to accomplish those goals.

Additionally, there can be quite a significant difference between small parking canopies and large canopy projects in terms of project economics and the incentive rates needed to support them. The SMART program should implement a more flexible canopy adder that accounts for differences in size without discouraging developers from building larger canopy projects. Additionally, canopy projects tend to have longer lifespans than rooftop systems and therefore, the feed-in tariff for a canopy project should be extended from 20 years to 30 years.

To better balance land use and conservation concerns with the Commonwealth's 2050 GWSA mandates, the SMART program should further incentivize projects built on existing structures by increasing the building mounted STGU. The DOER's Technical Potential of Solar Study concluded that Massachusetts has the technical potential to install over 40 GW of rooftop solar, which would greatly exceed the CEC limits the state will need to hit in order to meet the 2050 GWSA mandate. This example illustrates how pertinent it is that we focus our resources and energy first on transitioning our built environment to solar before we repurpose limited land and natural spaces for ground mounted solar. With that being said, small scale rooftop solar, made accessible to MA residents and further incentivized by the SMART program, serves as the most equitable approach to achieving the Commonwealth's 2050 GWSA. In that same vein, by extending the SMART incentive for projects smaller than 25 kW AC from 10 years to 20 years, the DOER would ensure the SMART program benefits are being distributed equitably across community organizations and institutions both large and small across the state.

b. Should other project types also be prioritized?

Low-income community shared solar projects that leverage state and federal incentives to deliver energy savings, in the form of on-bill credits, to low-income ratepayers at no cost should be prioritized under the SMART program. The demand for and interest in no cost solar has been growing across the state and the solar industry in MA has been working to develop offerings to meet this demand. To better support solar developers offering no cost solar and to meet the demand for no cost solar in the state, the SMART program should consider carving a segment of the low-income community shared solar project adder for LICSS projects that deliver credits at no cost to at least 20% of the qualifying low-income offtaker accounts. Sunwealth has piloted this no cost solar offering in several states in the Northeast while still delivering 50% or more of the project's financial benefits to low-income subscribers. By doing so, the SMART program would enable community solar developers and administrators to enhance the impact of these projects. More importantly, we'd be able to deliver even greater savings to low-income



subscribers given that the no cost solar framework eliminates acquisition costs, reduces credit risk, and simplifies management and administration of low-income community solar projects.

If a no cost solar carve-out within the low-income community shared solar project adder is not feasible, the SMART program should consider establishing a no cost solar project adder to prioritize these types of projects under the program. At the very least, the SMART program should offer a consolidated billing structure to improve subscriber experience and reduce fragmented management overhead.

Sunwealth also recommends that the SMART program formalizes the 230% base compensation multiplier applicability for behind-the-meter projects that deliver direct benefits to low-income R2 ratepayers.

- 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?**

To meet the goal of installing 10 GW of solar across the Commonwealth by 2030, the DOER and SMART program should consider increasing the capacity per SMART block to accommodate the volume of new solar projects expected to apply for SMART capacity over the next 6 years. Additionally, the DOER should consider lessening the declension between blocks, if not doing away with it completely, to reduce the impact of the declining block model on project economics. By increasing the SMART block capacity and reducing the declension between blocks, the DOER and SMART program would help the solar industry make more accurate estimates and predictions about our projects and their feasibility.

The SMART program created a declining block structure predicated on the assumption that costs will decrease linearly. However, the market conditions over the last few years have caused variable prices in modules, labor, steel, and other project-related costs. The declining block model is not equipped to deal with the fluctuations that the industry has experienced over the last few years, which has created a misalignment between the SMART program and the needs of the solar industry in MA. Instead of the declining block model, the SMART program should deploy an adjustable and flexible block schedule based on time frames rather than capacity limits. In doing so, the SMART program would better enable solar developers to provide accurate project pricing and avoid unexpected SMART program shifts that can create serious consequences for project stakeholders.

- 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?**



The low-income community shared solar eligibility criteria can oftentimes serve as a barrier to participation in the SMART program. As a low-income community solar provider, Sunwealth has seen firsthand how these criteria can exclude low-income ratepayers from receiving the benefits of LICSS projects that secure the SMART “low-income community shared” adder.

Based on this experience we recommend the following changes to the SMART program eligibility criteria. The first is that the SMART program should preserve a low-income community solar subscriber’s eligibility for the duration of their subscriber agreement if they prove eligibility when first subscribing. Subscribers should not be deemed ineligible if their R2 rate expires or the “Environmental Justice in MA” map shifts, both of which are outside of their control. In fact, the R2 annual expiration already creates an unnecessary burden and barrier to consistent energy savings for LMI ratepayers. If a subscriber doesn’t move addresses but EJ map updates no longer show them as located in an environmental justice zone, that subscriber should not be penalized. Similarly, if a low-income individual registered on the R2 rate had a registration that recently expired and had not experienced an extreme growth in wealth, the SMART program should accept recent registration as sufficient income verification.

In addition to the recommendations above, we propose that the SMART program expand the low-income community solar subscriber eligibility criteria. To qualify for the R2 rate class, low-income ratepayers must prove enrollment in LIHEAP, SSI, MassHealth, and other R2 eligible programs. To encourage participation in low-income community solar and lower the barrier to entry, the SMART program should accept proof of enrollment in a R2-eligible program as sufficient verification of low-income status for LICSS participation. In doing so, SMART would streamline the process of verifying low-income ratepayers’ income verification.

- 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.**

Over the last few years, the number of interconnection delays for solar projects have increased significantly, resulting in an increase in the number of SMART extension requests. Sunwealth has had several projects delayed by National Grid ASO studies lasting upwards of 2 years with no sign of a greenlight to come. These studies have caused extreme delays even for projects designed with a stop gap and zero export and therefore, no risk of impacting the grid after PIS. These delays are particularly challenging because developers have oftentimes sunk a large amount of funding into the development of these projects only to face unforeseen challenges that disrupt project and payment timelines. Through the SMART 3.0 program review, the DOER should prioritize working with utilities across the state to determine pathways forward for projects held up in ASO studies and limit delays for future projects.



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.

Based on the new value of energy that the DOER set for 2024, we're seeing many \$0/kWh REC payments quoted by the SMART calculator. The DOER could not have anticipated all the macro-economic factors influencing the current value of energy when designing the SMART program. However, the DOER should strive to set a base SMART rate predicated upon standard indexing to avoid the need to reassess the value of energy this year. The new value of energy has been artificially inflated by the many stressors on the energy system today but there is no guarantee that those influences will continue to inflate the value of energy months from now. There should be a base SMART rate or minimum payment set at higher than \$0/kWh under the SMART program to insulate participants from material impacts to the VOE.

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.

One of the more frustrating aspects of the SMART program is that it fails to stand alone under the DOER's purview and instead requires quite frequent coordination with other governmental departments, such as the DPU, to implement program updates and regulations that relate to the program and the projects it incentivizes. We've seen dozens of SMART related issues come up in the past few years that have been put on hold in DPU dockets for months on end, consequently harming solar development across Massachusetts. The SMART program does not pass the stress test as an independent program exclusively implemented and managed by the DOER. It's worth considering whether it's possible to design SMART 3.0 such that new policies and regulations relevant to the program no longer pass through the DPU docket but rather require DOER review and approval prior to implementation. This restructuring of the SMART program's interplay with the DPU and DOER could be achieved through several different means but we urge the DOER to consider the impact these DPU SMART docket delays have had on efforts to make progress towards the GWSA 2050 mandates over the last few years. For the SMART program to function as intended, it needs to be able to stand alone under the DOER and respond to pressing regulatory and policy issues as they arise.

That said, this may not be the ideal forum to advocate for these changes, but there are a few solar related regulations and program guidelines that heavily impact solar development across the state that we'd like to touch on through these comments. The first relates to An Act Driving Clean Energy and Offshore Wind passed by the MA legislature in 2022 which established exceptions to the single parcel rule. Two years later, this revision to the single parcel rule has yet to be implemented. Currently, the single parcel rule complicates efforts to work with housing authorities across the state to develop solar on their properties and deliver the energy savings

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from those projects to their residents. The revised single parcel rule proposes an exception for public entities, which would allow us to scale our solar pipeline without housing authorities across the state and deliver thousands in energy savings per year to their residents. Working with housing authorities to go solar is one of the more effective and accessible strategies for us to meet the GWSA mandates and many of the solar-ready housing authority properties across MA are located on a single parcel of land. We urge the DOER to place pressure on the DPU to implement the revised single parcel rule in conjunction with SMART 3.0 to unlock high impact projects with housing authorities across the state. Alternatively, the DOER could design SMART 3.0 to circumvent the single parcel rule and allow for public entities to install multiple systems on a single parcel, so long as they participate in SMART 3.0

On a separate note, the DPU recently published a municipal aggregation order as well as draft program guidelines. Back in 2020, the DOER proposed draft municipal aggregation LICSS regulations that were put on hold under DPU Docket 20-145. The recent DPU order and draft program guidelines made no reference to LICSS municipal aggregation programs and regulations, although the demand for these types of programs across the state is high. If approved, the DOER's proposed regulations would facilitate the delivery of millions of dollars of energy savings to low-income ratepayers through the more than 150 municipal energy aggregation programs operating today in our state. To give a sense of scale, municipal LICSS aggregation programs would deliver approximately \$18 million per year and more than \$372 million over 20 years to low-income residents across the state. We encourage the DOER to press the DPU to prioritize this issue in the SMART review and disaggregate these regulations from the greater SMART programmatic revision.

Lastly, the DOER should consider allowing community solar providers to submit monthly re-allocation submissions instead of capping re-allocation submissions at 2 to 4 times a year total. The solar incentive programs in both New York and New Jersey permit monthly re-allocation submissions under their programs, setting a precedent that helps community solar providers to manage necessary changes to subscriber allocations more quickly while allowing us to include new subscriber's to existing projects to provide them with more immediate savings.

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

Sunwealth provides community solar offerings across several states and incentive programs and in comparing our experience managing these projects, we have found it to be difficult to balance customer needs and usage accurately based on the information we are provided. Utilities operating within MA provide very little granularity when it comes to customer credit statements and usage data. This can make our jobs as community solar providers quite difficult as we strive to balance customer needs and usage accurately. In New York, for example, ConEd provides detailed monthly "Value Stack Credit Statement Summaries." These summaries include a breakdown of each subscriber on the array, their allocation, their credit both applied and



banked, their ConEd bill before receiving credits, and their kWh usage. In MA, all we have access to from the utility side is the customer's credit rate and which account is credited. With limited data, it is much more difficult to ascertain that we're balancing a customer's usage and credit allocations accurately and providing them with the savings they need. The DOER should push National Grid and Eversource to provide this data on low-income ratepayer bills to ensure that the SMART low-income community solar projects are as impactful and accessible as possible.

Thank you,

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