

Clean Energy Extension

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February 2, 2024

Massachusetts Department of Energy Resources
SMART Program Review

Dear DOER:

Thank you for the opportunity to offer comments and respond to questions concerning the SMART program and its review. The Clean Energy Extension (CEE) is pleased to offer some thoughts based on our familiarity with the solar market and public concerns and acceptance of solar development across the Commonwealth. These comments are based on our full support and expectation that the Commonwealth can and will meet its 2050 goals of roughly 30 GW of solar as distributed generation. The comments reflect our understanding that headwinds of public concerns need to be addressed with more deliberate policy that plans and directs market forces to meet additional policy goals of protecting our natural lands and enabling our communities broadly, and low-income and other target populations specifically, to secure substantial economic benefits.

We have divided our comments into several categories and have identified the applicable Questions posed by DOER to which our comments apply.

Maintaining Solar Growth while Protecting our Most Sensitive Lands (Q1, Q2, Q13)

As is made clear in DOER's Technical Potential Study and the Massachusetts Audubon report, solar policy should direct solar development to our built environment. These incentives already exist and should be reviewed and strengthened while balancing ratepayer costs. To date, the SMART program has qualified approximately 50,000 projects, of which over 41,000 are under 13 kW, so indeed this market is dominant in terms of project development. However, these projects account for only 20% of our capacity and hence greenhouse gas emission reductions, while a full 60% of our capacity is provided by roughly 215 projects that are over 1 MW. So, while we work to support solar on the built environment, ground-mounted, MW-scale solar projects will not only be needed but will likely continue to provide the bulk of our capacity and greenhouse gas reductions.

CEE offers two related thoughts and ideas on how to promote the ground-mounted solar development we need, but to do so in a means that is deliberate in its protection of our natural lands:

1. As laid out separately by DOER's *Technical Potential of Solar* study and by Mass Audubon's *Growing Solar, Protecting Nature* report, Massachusetts land can be differentiated in terms of its habitat and ecosystem attributes and sensitivities. This work should be further developed and reviewed by a convened group of experts and stakeholders, and DOER could then integrate land value "scoring" into the SMART incentive structure – potentially both on a per kWh adder basis, and with an incentive for "additional" interconnection costs so that less sensitive lands that may be further from interconnection can become attractive to developers.
2. CEE also recommends that DOER rekindle policy thinking around the concept of Managed Growth that was implemented successfully in the RPS Solar Carve-out II program. In this program, different incentive values were provided for different solar sectors as in SMART, but a final sector of Managed Growth was established, which was made available to the market on a

periodic basis only if the program was not meeting pre-determined growth targets. For the SMART program, DOER could similarly maintain its structure for all solar sectors, including ground-mounted solar on lands scored to be ecologically less sensitive (as described above), and restrict solar development in forests, agricultural, or other lands that are deemed sensitive. Only in the case that solar development does not keep pace with the targets needed to meet our Clean Energy and Climate Plans, would DOER open the Managed Growth sector to these more sensitive lands for a limited time and capacity to catch up to the targets. In this way, solar that is more acceptable to the public and not as impactful on our natural lands is provided a “right of first refusal” to develop and meet our targets, and more impactful development is only necessary if we do not keep up with our climate commitments.

Aligning Solar Development with Community Planning (Q1)

A significant trigger for public resistance to large-scale solar development is when the local government and community are left in a reactive position regarding a proposed solar project that may not be aligned with the town’s interests. While this may happen in other forms of development, solar is new and particularly land intensive and visually impactful. CEE does not suggest this development should not be allowed to move forward through its appropriate permitting processes, but we suggest DOER might use SMART to encourage municipalities to be proactive in planning for solar development by offering an adder for solar projects that are aligned with a demonstrated municipal solar planning process that enables appropriate amounts of solar capacity. Both the adder (which might be shared as local community benefits) and the pre-established local acceptability of these projects will be attractive to solar developers. CEE offers its *Community Planning for Solar Toolkit* as a starting point of how DOER might standardize and enforce a municipal solar plan that would allow solar projects to be eligible for this incentive.

Putting Solar to Work for Local Communities (Q1, Q12)

While we see a good portion of the residential solar market being owned by homeowners, the vast majority of solar capacity in Massachusetts can be presumed to be not locally owned. To this extent, Massachusetts’ emerging clean energy economy currently operates much like our fossil-based economy, with substantial flows of energy dollars leaving our local communities and the Commonwealth as a whole. As a distributed resource, solar offers alternatives, but market forces are strong, and the federal Investment Tax Credit has enabled a strong competitive advantage to tax-equity financing for solar. As this is now changing to allow for direct payment of this credit to owners without sufficient tax appetite, the ownership options for solar are now able to shift, and Massachusetts should support the emergence of a local ownership market to substantially enhance the value of solar to the Commonwealth and to the communities that host and accept this solar development.

CEE recognizes the regulatory sensitivities around offering public incentives to businesses that need to meet a certain business model. That said, adding incentives for solar projects that can demonstrate local ownership (or a flip-to-local ownership model within 10 years) or a threshold of community benefits, should be considered. A greater incentive to projects that bring solar ownership to our low-income and other marginalized communities should be considered as well. Enabling this local ownership market is likely a keystone to expanding local acceptance of solar.

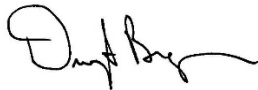
Under the current SMART structure, adders offered for community solar and for municipal and low-income offtakers are important, but these incentives are not clearly benefiting our low-income populations or municipalities as expected. While solar developers do encounter extra costs for enrolling such offtakers, there is little transparency that the significant adder amount is maximally shared with the offtakers. DOER should look for opportunities to assure these benefits are substantially shared with the offtakers, perhaps by stipulating a minimum percentage that needs to be shared with periodic reporting requirements for the life of the project.

Restoring Incentives for Pollinator Friendly Solar Development (Q1, Q13)

In 2020, CEE was pleased to establish the Pollinator-Friendly Solar Certification and to work with DOER to incorporate a SMART adder to encourage this habitat. We were excited to see the developer interest that resulted in 7 applications for Certification in 2020, 31 in 2021, and 11 in 2022 when the adder was removed by the DPU action. With the legislative action to direct DOER to bring the incentive back into the program, we hope DOER will return the incentive as a SMART adder as soon as possible. While the Pollinator adder was established with input from CEE to only cover the anticipated costs of establishing and maintaining this habitat, CEE recommends increasing this currently very small adder to be more attractive to developers. DOER might consider leaving the smaller incentive for establishing some minimum threshold of ecosystem friendly vegetation, and a higher adder if it meets the Certification standards of pollinator-friendly habitat.

CEE is happy to discuss these comments with DOER as helpful. Thank you for the opportunity to offer these comments and to contribute to the continued development and success of our solar programs.

Regards,

A handwritten signature in black ink, appearing to read "Dwayne S. Breger". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Dwayne S. Breger, Ph.D.
Director, Clean Energy Extension
... and on behalf of the CEE staff