

October 28, 2016

Massachusetts Department of Energy Resources  
100 Cambridge Street  
Boston, MA 02114

**RE: Comments on Next Solar Incentive Straw Proposal**

Dear Commissioner Judson and Renewable Energy Division Director Judge,

The undersigned 16 organizations appreciate the opportunity to provide input on this important proposal. The Next Solar Incentive program issued by the Massachusetts Department of Energy Resources (“DOER”) must satisfy many different policy goals:

- Ensure continued progress to the Commonwealth’s energy, environmental, and public health requirements;
- Equitably share the benefits of the program among all communities;
- Lower ratepayer costs while ensuring diversity of project types; and
- Continue Massachusetts success in creating jobs inside and outside the solar industry.

The initial straw proposal is a reasonable one on several of these dimensions, but we believe that the final program can be even stronger by addressing the following issues:

- Incentives must be sufficient to build each of the desired categories of projects, while keeping an eye on costs to ratepayers.
- The program should not be designed to end at a certain MW cutoff or target date, but rather allow for continued progress.
- Further modifications should be made to truly ensure that solar development benefits all residents of the Commonwealth and address any barriers to serving certain areas or populations.
- Short-term costs of the incentive program should not be recovered through monthly fixed charges, which are unfair to low-income and other low-usage ratepayers.

While we share DOER’s concern about the appropriate use of land, we believe that the current proposal is overly restrictive but do not offer detailed thoughts here. We appreciate that further conversations will be taking place on this important issue.

***Incentives Must Be Sufficient to Ensure that Desired Project Categories Are Built***

A long-term fixed price tariff program with a declining block structure is a sensible way to balance competing objectives in an incentive program. Among other features, this type of program lowers financing costs by providing certainty to overall project revenue, and, thus, helps lower short-term costs to all ratepayers. However, careful attention must be paid to the length of

the fixed term (e.g. 15 years) and the payment level to ensure that desired categories of projects will be built and there will not be a rush to certain types of projects over others. In addition to careful attention to the term and payment level, set-asides may also be appropriate for certain categories of projects to ensure that the benefits are equitably shared, as discussed further below.

***The Program Should Be Designed to Ensure Long-Term Progress***

While the current proposal appears to allow for continued solar growth over the next few years, attention must also be paid to the long-term requirements and goals of the Commonwealth with respect to energy, climate change, and clean air. The current proposal discusses 8 blocks in the incentive program that each would cover 200 MW of solar installations. However, the solar potential of the Commonwealth will not be exhausted by 1600 additional MW and the big picture challenges faced by Massachusetts will not be satisfied either. The program should be designed so that it does not end abruptly. This could mean the addition of further blocks or including a “tail block” with no MW restrictions at a reasonable payment level.

***All Residents Must Have Access and Benefits Must Be Equitably Shared***

The DOER straw proposal includes some laudable measures to help spread the benefits of solar incentives throughout the Commonwealth with incentive adders for community shared solar, low-income community shared solar, and low-income property owners. Strong consideration should be given to requiring set-asides for these categories of projects in each block of the program.

Much more can also be done to ensure access and spread the benefits by (1) serving low-to-moderate income populations and (2) incorporating environmental justice considerations. First, ratepayers on the low-income discount rate are not the only residents that deserve special consideration for two reasons. Many ratepayers who could qualify do not necessarily enroll in the low-income discount rate because of lack of knowledge or attention to programs that could help them. Second, ratepayers just above the income thresholds are also deserving of assistance. DOER should expand the appropriate definitions to serve low-to-moderate income populations and target communities with low-income and low-to-moderate income populations. For example, zip codes with median incomes below 75% of the state median could be targeted for incentive adders.

Second, DOER can and should align solar incentives with environmental justice policy and environmental justice communities. Executive Order No. 552 on Environmental Justice requires Secretariats to take action to promote environmental justice. Environmental Justice communities include municipalities (such as Lawrence or Brockton) or segments of municipalities with any one or more of the following characteristics:

- Block group whose annual median household income is equal to or less than 65 percent of the statewide median (\$62,072 in 2010); or
- 25% or more of the residents identifying as minority; or
- 25% or more of households having no one over the age of 14 who speaks English only or very well - Limited English Proficiency (LEP)

As with low-to-moderate income communities, communities of color, immigrant and non-English speaking communities often face barriers in accessing clean energy programs. Financial incentives to serve these communities could help mitigate disparities in access.

***Short-Term Costs Should Not Be Recovered Through Monthly Fixed Charges***

Cost recovery for the SREC and SRECII incentive programs in Massachusetts is currently done through the same mechanisms as more general RPS costs are collected (through energy supply charges). With a new tariff-based incentive program, it is likely appropriate to change these methods. Short-term incremental costs of the incentive program can be made “non-bypassable” so that they cannot be avoided through switching to a different retail energy supplier. However, recovery of these costs through fixed monthly charges<sup>1</sup> would be unfair to low-income and other low-usage ratepayers, and inappropriately benefits high-usage customers. Recovery of these costs through per-kWh charges is much more fair and protects incentives to wisely use energy.

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Thank you for your consideration and attention to these important issues.

Respectfully,

Mark LeBel	Acadia Center
Casey Harvell	American Lung Association in Massachusetts
DeWitt Jones	Boston Community Capital
Joel Wool	Clean Water Action
Kate Galbo	Climate Action Business Association
Caitlin Peale Sloan	Conservation Law Foundation
Ben Hellerstein	Environment Massachusetts
Eric Wilkinson	Environmental League of Massachusetts
Berl Hartman	Environmental Entrepreneurs (E2) - New England Chapter
Michael Davis	LIISC Boston
Mark Sandeen	MassSolar
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<sup>1</sup> At the stakeholder meeting on October 27<sup>th</sup>, 2016, it was indicated that DOER had not intended to take a concrete position on this issue and that this would be a topic for further discussion.

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Ben Underwood  
Emily Norton  
Sean Garren  
David McMahon

Pope Energy  
Resonant Energy  
Sierra Club – Massachusetts Chapter  
Vote Solar  
Worcester Green Low Income Housing Coalition