



Michael Judge
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: Next Solar Incentive Straw Proposal

Dear Mr. Judge:

The Climate Action Business Association (CABA) thanks the Department of Energy Resources for the opportunity to comment on Massachusetts' next solar incentive program proposal. CABA's mission is to solve the climate crisis by organizing local business leaders to be more effective advocates for climate change action within our communities, and in their business. CABA works with hundreds of businesses in our networks and partner organizations who are concerned with our state's energy future.

The "starts and stops" and changes in net metering and the SREC program over the last year have stifled consistency and certainty in the solar industry. Companies and customers are looking for as much predictability as possible, with incentives that are sufficient to continue prosperous growth of solar investment in the Commonwealth. We commend the Department for valuing stakeholder input in developing a new solar incentive program and exercising due diligence in addressing the political challenges of a rapidly growing market. Although CABA is highly supportive of provisions in the straw proposal, we are concerned that the delay in finalizing the next program present risks for the solar industry and the business community in general.

CABA offers the following comments to DOER as it reviews the straw proposal for the next solar incentive program:

Declining Block Incentive Program Structure

CABA prefers a Declining Block Incentive to alternative models, such as competitive procurement models, in order to encourage market certainty and robust, confident investment in solar. A declining block structure would establish the continuity and predictability needed to sustain our state's solar industry, preventing the "stop and go" nature of competitive procurement models. The DBI structure incentivizes solar developers to drive down costs over time. This contrasts with a competitive procurement model that creates high transaction costs for solar developers, discriminating against small commercial and community projects. However, the current proposal decreases tariff values by 5% in each 200 MW block. At a rate of installation of approximately 350 MW per year, we are currently on pace to fill about 2 blocks per year. Without a clear long-term vision in sight, this is concerning for the solar industry.

Targeted Incentives

CABA supports the expansion of incentives for solar projects that support public policy goals. The passage of H.4173 significantly reduced electricity compensation rates for a sizeable portion of the solar industry, including CSS and low-income facilities, which the Act directs DOER to consider in the design of the next incentive program. In particular, CABA supports the incentives for Community Shared Solar (CSS) projects. Given the unique benefit of community projects, such as providing small businesses increased access to affordable clean energy resources, CABA strongly supports targeted incentives to encourage their development.

Additionally, CABA supports the extra incentive for non-net-metered projects in its ability to serve developers in territories impacted by the net-metering cap. Given the uncertain political environment around net-metering policy, this helps increase certainty and aims to navigate around stagnant policy. However, we question the ability of the net-metering incentive to actually level the playing field across the state without more progressive regulatory action. Simply addressing net-metering policy shortcomings with added incentives will not be sufficient to enable sustainable, long-term growth for the solar sector.

Ensuring Speedy Transition to the New Program

As Massachusetts moves from one solar incentive program to the next, a stable and transparent environment is crucial in order for developers to make sound financial plans. Under the current timeline for the next solar incentive program there will be a significant incentive gap, stalling projects for 9 to 12 months and creating market inefficiencies. We recommend the DOER extend the interim SREC II program to provide certainty while DOER and the DPU finalize the design of the next incentive program.

Additional Considerations: The Business Case for an Efficient Grid

With a rapidly growing solar industry, policy has struggled to keep up with the market provoking the continued need for stop-gap measures such as emergency regulations and incremental cap increases. Further, in recent years we have seen an emergence of smart grid technology, advanced energy storage, and distributed energy resources and yet, legacy issues continue to dominate revolving an outdated regulatory model and aging infrastructure. Solving these problems, without the need for constant stop-gap measures, necessitates a transformation of conventional industry and regulatory structures that requires strong commitment from both lawmakers and the Department.

Absent these reforms, we are at risk of over-building the electrical grid which, in turn, will lead to escalating costs and continued regulatory challenges. Sizing grid infrastructure to manage the highest peak usage of the year, as noted in the Department's recent Energy Storage Initiative (ESI), leads to system-wide inefficiencies, underutilization of assets and high costs to ratepayers. A combination of distributed energy resources, advanced energy storage, and smart grid technology is a cost-effective solution to managing this issue. The solar community, utilities,



business groups, and state officials need to come together to develop a sustainable path forward that prevents uncertainty in the future.

Thank you for the opportunity to comment on the straw proposal for the next solar incentive program. We thank the Department for its hard work and look forward to taking part in the process moving forward. If you have questions about these comments, please contact me at Kate.Galbo@cabaus.org.

Sincerely,

Kate Galbo
Policy Coordinator
Climate Action Business Association

Marley Kimelman
Policy and Research Fellow
Climate Action Business Association