

MA SMART Emergency Regulations
Joint Comments
SEIA, CCSA, NECEC, MassSolar, SEBANE, & Vote Solar
June 1, 2020

Introduction

The Solar Energy Industries Association (“SEIA”), the Coalition for Community Solar Access (“CCSA”), the Northeast Clean Energy Council (“NECEC”), MassSolar, the Solar Energy Business Alliance of New England (“SEBANE”), and Vote Solar (hereafter referred to as the “Solar Commenters”) submit the following joint comments on the expanded and modified Solar Massachusetts Renewable Target (“SMART”) program. The national, regional and state-based trade associations and aligned advocates submitting these comments collectively represent hundreds of solar companies operating in the Commonwealth, their customers, and thousands of individuals supporting solar energy.

COVID 19 Impacts

As the Massachusetts Department of Energy Resources (“DOER”) finalizes these regulations, the Solar Commenters urge the agency to be mindful of the economic reality facing the solar industry based on the Novel Coronavirus (“COVID-19”). Permitting challenges, supply chain delays, tightening of tax equity markets, and reduced homeowner and community solar subscriber demand, are placing tremendous pressure on all solar industry market segments. Nationally, the clean energy sector has already lost nearly 600,000 jobs, including 100,000 in the renewable sector, since the COVID-19 crisis began. That is more than double the number of jobs created in the sector since 2017, and represents nearly 18 percent of the workforce.¹ In Massachusetts, 4,284 solar jobs, representing 52 percent of the solar workforce, are expected to be lost through June 2020 due to COVID-19, according to SEIA.² In quarter two alone, the

¹ “Clean Energy Employment Initial Impacts from the COVID-19 Economic Crisis, April 2020” May 13, 2020. The report, prepared by BW Research for E2, E4TheFuture, and the American Council on Renewable Energy, analyzed Department of Labor unemployment data. Available at: <https://e2.org/reports/clean-jobs-covid-economic-crisis-april-2020/>

² Solar Energy Industries Association. “COVID-19 Impacts on the Massachusetts Solar Industry.” May 2020. See Attachment 1.

industry is expected to install only 21 MW of solar in Massachusetts, a more than 60 percent decrease from 2019 levels. Furthermore, the Commonwealth's overall unemployment rate was 15.1 percent for April 2020.³ As a result, the final SMART regulations should be looked at through the lens of encouraging economic recovery and as a tool to maintain and create jobs. Although aspects of the regulations will encourage economic growth, other provisions will place even greater strain on solar firms and should be revisited.

The Solar Commenters Support the Program Expansion & Other Reforms

The Solar Commenters appreciate the 1,600 megawatt ("MW") increase in the size of the program. The added capacity brings the total size of the SMART program to 3,200 MWs and is a positive step toward achieving the levels of renewable energy and solar deployment that will be needed to reach the Commonwealth's 2050 net-zero carbon reduction goals established by the Baker-Polito Administration on April 22, 2020,⁴ as well as the mandates established by the Global Warming Solutions Act ("GWSA").⁵ However, as shown in the 2019 Brattle Group Study, "*Achieving 80% GHG Reduction in New England by 2050: Why the Region Needs to Keep its Foot on the Clean Energy Accelerator*,"⁶ significantly more solar will be needed to reach these aggressive clean energy goals.

In addition to increasing the size of the program, the Solar Commenters appreciate that the DOER made several positive changes to SMART such as the provisions increasing the size of the public adder to \$0.04/kWh as well as adding provisions that allow public projects the ability to secure a statement of qualification ("SoQ") upon selecting a developer to execute the work, rather than waiting for an approved contract – a process that can take considerable time for public entities.

³ Available at: <https://lmi.dua.eol.mass.gov/LMI/LaborForceAndUnemployment#>

⁴ Available at: <https://www.mass.gov/news/baker-polito-administration-issues-letter-establishing-net-zero-emissions-target>

⁵ Chapter 298 of the Laws of 2008.

⁶ Available at: https://brattlefiles.blob.core.windows.net/files/17233_achieving_80_percent_ghg_reduction_in_new_england_by_20150_september_2019.pdf

We look forward to working with the Baker-Polito Administration to develop policies that will encourage our shared goal of solar growth on a scale consistent with what is needed to achieve the Administration's climate and clean energy targets, all while creating jobs, saving customers money, and generating valuable tax revenue to municipalities across the Commonwealth.

Issues Covered

These comments focus on a few critical issues in the proposed regulations that, without remedy, will hurt the solar industry, negatively impact the state's economy, take revenue away from local governments as well as landowners, and make it more difficult for the state to meet its aggressive climate and clean energy goals.

Specifically, we discuss:

- 1) the new land use restrictions and increased greenfield subtractor and the negative impact of these changes on the Commonwealth's economy;
- 2) appropriate treatment for mid-stage to late-stage projects developed under the previous rules that would now be subject to the new rules;
- 3) the need for quickly issuing SoQs describing a project's block position, adder eligibility and likely incentive rate; and
- 4) the need for slowing the rate of decline of SMART base compensation rates and adders.

We also comment on several other issues including: needed adjustments to the new low-income provisions, flexibility around the subscriber requirements regarding the eligibility for the community solar adder based on the impacts of COVID-19," a modest enhancement to the definition of "Public Entity Solar Tariff Generation Unit" and clarity on the availability of Alternative On Bill Credits for certain systems.

By enacting the following recommendations made by the Solar Commenters, SMART could be a more effective driver of job creation and an integral part of the Massachusetts economic recovery. Leaving aspects of the current proposal unchanged will hurt the solar industry, prevent the Commonwealth from reaching its climate goals, and will exacerbate the state's economic troubles during a historic crisis. We appreciate your consideration of these recommendations.

1) The New Land Use Restrictions and Increased Greenfield Subtractor Will Have Severe Economic Consequences and Should Be Revised

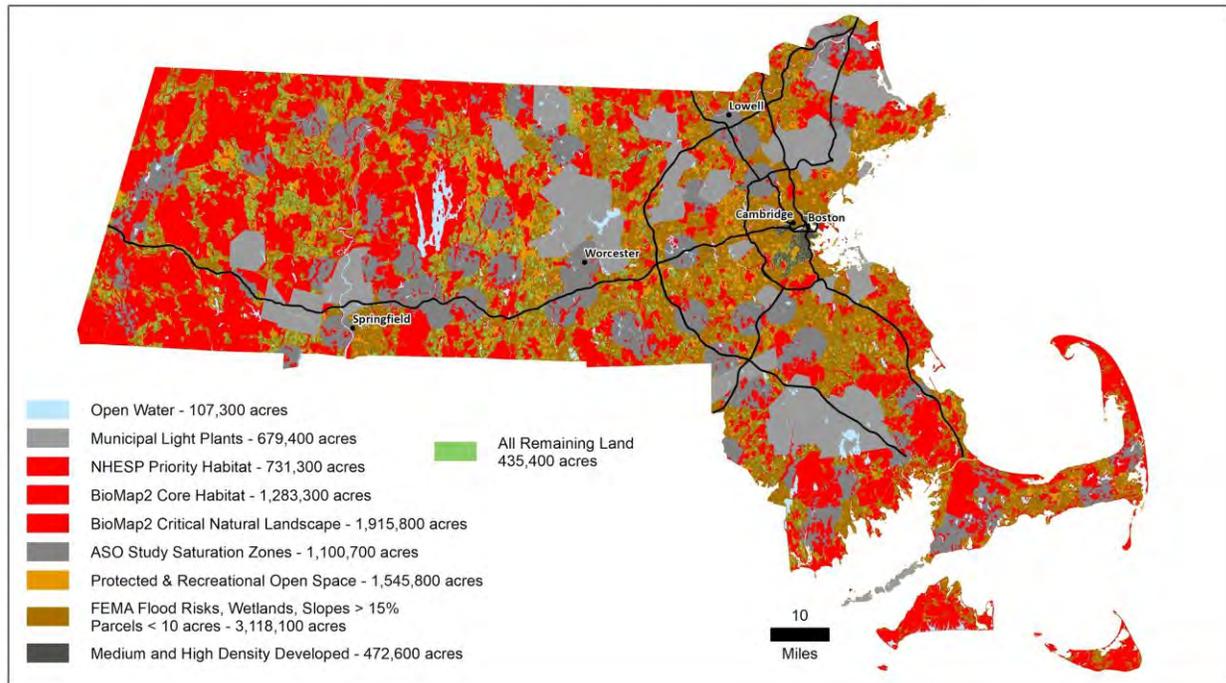
The Solar Commenters appreciate ongoing concerns about solar development and land use, as well as DOER's objective of balancing land conservation with accelerated deployment of local clean energy. As noted in September 2019 comments on DOER's SMART 400 MW Review Straw Proposal,⁷ the Solar Commenters believe it is important to site projects responsibly and to protect the most environmentally sensitive lands of the Commonwealth.

With these emergency regulations, however, DOER has failed to strike the right balance between clean energy development and habitat preservation. As a result of the new rules, solar projects that are well into development - including some that could begin construction soon - or are planned for development would no longer be viable.

DOER's regulations add three new GIS layers - "Priority Habitat," "Core Habitat" and "Critical Natural Landscape" - to the ineligible land use category. Further, projects sited on a parcel with at least 50 percent of its area designated as such also are ineligible. As shown in Figure 1 below, the three layers, when combined with the 50 percent parcel rule, take away nearly 2 million acres, or 40 percent of land in the Commonwealth, that was previously eligible for SMART. DOER's proposal, when combined with previously restricted land as well as other areas (such as protected open space and urban areas) where large projects cannot be developed, would effectively leave 90 percent of the Commonwealth's land unavailable for ground-mounted solar.

⁷ Joint Comments of SEIA, CCSA, MassSolar, NECEC, SEBANE, and Vote Solar, SMART 400 MW Review and Expansion Proposal, September 27, 2019.

Figure 1. Land Use Restrictions Under the Emergency SMART Regulations



The restrictions are particularly far-reaching in western and southeastern Massachusetts. Across Eversource East, Eversource West, and National Grid territories, the Critical Natural Landscape layer removes nearly a quarter of usable land. That includes 38 percent of usable land in Eversource West, 19 percent in Eversource East, and 18 percent in National Grid.⁸ The remaining land, noted above, will have further challenges not captured in the layers used (including unbuildable topography, zoning restrictions, other land uses) that will further restrict development. Entire communities, as well as large landowners and some farmers, would effectively be shut out from accessing clean local solar that would provide revenue, economic investment and, through community solar projects, utility bill savings and other benefits.

a) Negative Economic Impacts of Land Use Restrictions on Industry

The negative economic impacts of DOER’s proposal are compounded by the COVID-19 crisis, which has already taken a significant toll on the solar industry. The land use provisions affect a

⁸ Internal industry analysis. Available upon request.

significant number of projects that are (1) in mid-to late-stage development, meaning millions of dollars have already been invested; or (2) planned for future development.

A partial survey of solar developer provides a conservative picture of the anticipated economic losses. The new land use restrictions risk halting development of nearly 70 solar projects totaling over 475 MW_{DC}. More than 1,500 jobs, and more than \$730 million in investment, would be immediately at risk.⁹ In some cases, up to 80 percent of company project pipelines will have to be abandoned because the projects will no longer be economically viable. All of the above projects, if allowed to proceed, would support hundreds of clean energy jobs, provide revenue opportunities for local governments, farmers and landowners, and generate millions of dollars in local economic investment. If the solar projects described above cannot proceed because of the new rules, significant additional layoffs in the industry are all but assured.

b) Negative Impacts on Local Governments

The new SMART regulations will also harm cities and towns by limiting tax benefits and/or other host community agreements that would be critical during the COVID recovery. Dozens of communities would effectively be off-limits to solar development, even if those communities favored hosting a project. For example, one solar project at risk in Eversource East spans 12 acres within a 100-plus-acre parcel owned by a cranberry farmer. Construction is to begin this fall, providing wide-ranging economic benefits including jobs to local contractors, stable income to the cranberry farmer, and tax revenue of \$750,000 over 20 years to the host municipality under a PILOT agreement. The project, which has incurred over \$250,000 in expenditures, has been under development for more than two years and has obtained its utility interconnection agreement and all but one permit. Under the new rules, the project would no longer be viable because it is sited on land ineligible for SMART. The developer has spent a year negotiating with a Massachusetts agency to put 30 acres of the parcel into permanent conservation.

c) Negative Economic Impacts on Farmers and Landowners

Lease payments from solar firms can often mean the difference between keeping family farms operating intact and selling off large portions of property for commercial development. As SEIA

⁹ Internal industry analysis. Available upon request.

catalogued in a recent report, community solar firms in particular have been helping agricultural operations make ends meet.¹⁰ In addition to the solar company paying the landowner for use of the property on which the solar array is located, farms will also often become a subscriber to the solar project, receiving an additional benefit in the form of savings in their electric bill. These partnerships provide clean, renewable energy to rural communities and an additional source of income for farmers, which can be an economic lifeline for family operations.¹¹ Under the new restrictions, many fewer farm operations would be able to access this additional source of revenue and may be forced to sell property, perversely discouraging the preservation of habitat in local communities that the SMART program is attempting to encourage.

d) Higher Subtractor Further Reduces Ground Mount Solar

Additionally, the emergency regulations increase the “Greenfield Subtractor” by 2.5 times its original level. While we appreciate that the subtractor is less than what DOER originally put forth in its Straw Proposal, even the lower increase in this penalty still compounds the previously described problems created by the new land use restrictions. Furthermore, the increased subtractor’s impact on projects increases as the base compensation for each block decreases, further reducing the number of ground-mounted projects that can move forward. In our prior comments on the Straw Proposal, we noted the absence of any publicly available data on SMART projects that would explain or justify the level of any subtractor.¹² We would welcome a discussion informed by data to develop more workable recommendations that achieve the goal of continuing to cost-effectively deploy clean energy while directing solar development toward the most appropriate areas.

e) Specific Use of GIS Layers Should Be Further Analyzed

As a procedural matter, these regulations go well beyond what was outlined in the Straw Proposal. The far-reaching restrictions described above would benefit from further analysis regarding their impact on the Commonwealth’s ability to deploy enough solar to meet its clean energy goals – as well as the economic impacts on the municipalities, landowners, industry and

¹⁰ Available at: <https://www.seia.org/blog/how-community-solar-supports-rural-communities-and-farmers>

¹¹ Ibid

¹² Joint Comments of SEIA, CCSA, MassSolar, NECEC, SEBANE, and Vote Solar, SMART 400 MW Review and Expansion Proposal, September 27, 2019.

other stakeholders. Finally, under the law creating SMART, the incentive program is intended to support “diverse installation types and size that provide unique benefits, including but not limited to community-shared solar facilities.” Such far-reaching land use changes would make attaining that diversity of projects - and the unique benefits of community shared solar - extremely unlikely.

Recommendation: Given the economic impact of the new GIS layers used on solar projects, local governments and landowners, the Solar Commenters believe that DOER will need to revisit the layers used for restricting solar development. At the same time, the Solar Commenters appreciate DOER’s interest in moving the regulatory process forward without additional delay. Despite our concerns about the current approach, to move the regulations forward expeditiously, the Solar Commenters recommend that DOER reduce the greenfield subtractor below proposed levels and remove the Critical Natural Landscape layer from the final regulations. These modest changes would open some land to solar development but continue restrict development on the most sensitive parcels. This recommendation would strike a better balance than the current proposal and we urge DOER to continue engagement with stakeholders on the appropriate use of GIS layers as SMART continues to evolve.

2) The Applicability Milestone Between the Previous Land Use Rules & New Land Use Rules Should Be Revised

We agree with DOER that a fair dividing line must be drawn between the application of the old and new sets of SMART land use rules; however, the dividing line advanced by DOER inappropriately ignores market realities and investment decisions made in good faith based on existing policy. The milestone as proposed does not appropriately account for current conditions for project development would result in many projects, initiated under the old rules and with large amounts of sunk resources, failing with significant lost company investment and lost jobs during a time of great economic stress. In addition to the revised greenfield subtractors, DOER is proposing to prohibit projects on certain land types (as discussed above), and project developers

advanced many projects on those impacted parcels without any prior notice that exclusion from the SMART Program was a possibility.

In brief, to be exempt from the new land use requirements, DOER proposes allowing projects that have obtained non-ministerial permits and site control as of the Publication Date and which obtain an executed interconnection service agreement (“ISA”) six months from the Publication Date of the emergency regulations. Furthermore, DOER applies the new land use restrictions to the next open block in each utility territory, rather than to the new added blocks in the SMART emergency regulation (Block 9 and beyond) as is appropriate because development investment decisions were made on the land use categories of the original SMART program rules.

If DOER intends to ensure solar is deployed to reach the additional 1600 MWs authorized in the SMART extension, while the extra time to obtain an ISA is appreciated, it is not sufficient and ignores the well-documented interconnection problems associated with distributed generation in the Commonwealth. Hundreds of MWs worth of solar projects have already been delayed in transmission studies, with some resolution timelines stretching out several years. Existing utility interconnection practices have also significantly slowed down ISA approvals. Processing applications sequentially has pushed out average approval timelines well beyond the six-month timeframe advanced in the tariff. As a result of regulators’ concerns, as well as complaints from the clean energy industry more broadly, the Department of Public Utilities (“DPU”) is seeking to resolve these matters in Docket DPU 19-55 in an attempt to address multiple problems and improve utility practice.

However, this docket is many months away from resolution and its outcome is uncertain. In addition, these long delays in interconnection have led developers to adjust timelines on permits, which frequently have construction commencement or completion components. Failing to extend additional time for non-ministerial permits, which for many projects is attributed to interconnection delays and not advancement in the project’s development, is problematic.

Relatedly, applying changed programmatic requirements to capacity within the first 1,600 MW of the SMART program disrupts many projects that were initiated under the previous rules. Prior to receiving an ISA, some firms have spent millions of dollars in development capital, and subjecting such projects to new restrictions, increased land use subtractors, and other

programmatic changes will result in the loss of those investments and in severe economic harm to solar firms across Massachusetts.

Recommendation:

For all these reasons, the Solar Commenters recommend changes to the treatment of legacy projects as follows:

a) New land use restrictions and any change to the land use subtractor should apply to projects executed to fulfill new SMART capacity – i.e., block 9 and beyond. The current regulation penalizes many projects – as well as offtakers and landowners – developed under prior rules that have experienced long delays due to challenging utility interconnection practices (sufficiently in need of revision to merit DPU review), which are outside a solar company’s control.¹³

b) We recommend that SMART regulations allow for two possible ways to meet the ISA exception criteria identified in Section 20.05(5)(e)(1)(c) of the Emergency Regulations. In addition to the exception criterion for projects that submit an executed ISA within 6 months of the Publication Date¹⁴ (i.e., by October 15, 2020), any project that, under the existing interconnection tariffs, should have received an ISA by the date of publication of the emergency regulations (April 15, 2020) should be grandfathered to avoid penalizing mature projects that were hamstrung by poor utility performance. Assuming a standard 6-month interconnection timeline, any project that submitted an interconnection application by October 15, 2019, regardless of permitting status before or after the publication date, should be eligible for the Exception provided for in Section 20.05(5)(e)(1)(c).

3) Statements of Qualification

Through revised SoQ guidance issued on April 15, 2020 and in its presentation during its May 13, 2020 tutorial, DOER announced its intention to only issue SoQs once the DPU has approved revised tariffs expanding the program beyond the current eight blocks and making the other necessary revisions for consistency with the updated DOER SMART regulations.

¹³ This recommendation is consistent with the solar industry’s previous recommendations during the regulatory comment period.

¹⁴ See Emergency Regulations at 225 CMR 20.05(5)(e)(1)(c).

DOER has also announced its intention to accept applications and place projects on waitlists. There is considerable uncertainty in the timing of the DPU proceeding, but even an expedited proceeding would constitute a multi-month process and therefore it is unlikely that any solar projects would be eligible to receive SoQs before 2021. This delay will prevent the construction of projects that have been waitlisted since Q4 of 2018, when the blocks originally filled, and result in job losses and lost revenue to municipalities.

Recommendation: Given the recession as a result of COVID-19 and the urgent need to keep industry moving forward to avoid further job loss, the Solar Commenters request that DOER issue provisional SoQs to projects now. The provisional SoQ would specify a project's likely block position, its likely base compensation rate, and adder eligibility, including a statement on the conditional nature of this approval pending a formal Order from the DPU regarding the tariffs as filed by the EDCs is issued.

With this small change in regulatory mechanics, projects will not be tied to the progress of a parallel regulatory proceeding, freeing them to obtain financing from lenders and allow continued development rather than create an unnecessary months-long delay in deploying mature solar projects, with the understanding that the SoQ is conditioned on DPU approval.

4) Reduce the Rate of SMART Base Compensation Decline

Since the SMART Program began accepting applications on November 26, 2018, the initial capacity blocks have been completely filled (for projects larger than 25 kilowatts) in Eversource West, Massachusetts Electric ("National Grid"), and Unitil territories.¹⁵ Thus, in just 16 months, Base Compensation Rates for those territories have declined by ~32-33 percent. When the new capacity blocks become available, front-of-the-meter systems applying to the SMART Program will have Base Compensation Rates that are ~36-38 percent lower than they were in November 2018. While the industry is supportive of decreasing the level of incentive for projects over time,

¹⁵ <https://masmartsolareversource.powerclerk.com/MvcAccount/Login>

a number of factors combine to render the current Base Compensation Rates inadequate to support project development.¹⁶

First, the lack of continuity in timing the SMART Program has created a situation in which Base Compensation Rates have declined far more quickly than anticipated. There was a significant delay between the end of the Solar Renewable Energy Credit 2 (“SREC 2”) trading program and the start of the SMART Program, which created a backlog of mature, >25 kW projects simply waiting to submit applications. Instead of the intended gradual transition between block rates, once the SMART program opened, a large volume of applications were submitted in a short period. Today, the industry again faces a similar situation. The SMART 400 MW Review was initiated in a September 5, 2019 presentation by DOER. Projects on the waiting list for the expanded capacity in the currently fully subscribed territories were not able to apply until May 18, 2020, which represents over eight months since the 400 MW Review was initiated and even longer since capacity has been available in most territories. Again, there will inevitably be a backlog of large, mature projects that reserve a significant portion of the expanded SMART capacity quickly, leaving early stage projects with an even further reduced Base Compensation Rate.

Second, the cost of project development is not decreasing commensurate with the decline in Base Compensation Rates. Cost declines for panels, inverters, and labor are occurring, but not at the same speed at which Base Compensation Rates are declining. According to the U.S. Solar Market Insight Q4 2019 Report, year-over-year pricing for non-residential systems fell by 9.4 percent.¹⁷ While impressive, this is significantly less than the greater than 30 percent drop in Base Compensation Rates that occurred over the same period. Base Compensation Rates have fallen faster than anticipated and have outpaced project cost declines, creating a need to reevaluate the adequacy of Base Compensation Rates for future projects.

¹⁶ While the COVID-19 crisis will undoubtedly have negative impacts on the solar industry as a whole, the long-term consequences to project costs are yet unclear.

¹⁷ Solar Energy Industries Association/Wood Mackenzie, “*U.S. Solar Market Insight, Full Report, Q4 2019*,” December 2019. Available upon request.

Third, the cost of interconnection is rising for projects of all sizes, locations and types. Insufficient hosting capacity throughout the state, at both the distribution and transmission levels, has contributed to rising interconnection costs and timeframes. In fact, National Grid's March 19th presentation regarding its Central and Western MA ASO Cluster Study indicated that 275 MW of projects would trigger upgrade costs equivalent to \$1-2 million per MW (and years of upgrade work).¹⁸ These ASO Studies are becoming increasingly common: 390 MWs are subject to the Central and Western MA ASO Study in National Grid territories,¹⁹ and 350 MWs are subject to the ASO Level 3 Study in Eversource territory.²⁰ The costs and scale of ASO Studies are so significant that the DPU is undergoing a process to review cost allocation in Docket DPU 19-55. Projects must account for the cost burden of interconnecting to a constrained system during project development and cannot compensate for incentive declines of 36 percent or more.

Lastly, policy decisions at the federal level are slowing the decline in project costs. The Trump Administration has imposed tariffs on the import of solar panels. These tariffs took effect in February 2018, one month after the Initial Competitive Procurement that set the Base Compensation Rates had been completed. The tariff, which is currently 20 percent,²¹ has inevitably increased the cost of solar panels and has undermined the assumption that project costs, and therefore incentives, can decline at the level that DOER had originally anticipated. Further, the step-down in the Investment Tax Credit ("ITC") will slow the decline in project costs. Currently at 26 percent, the ITC steps down to a permanent 10 percent for commercial projects from 2022 onward. The ITC is critically important for lowering the soft costs of financing projects and its decline will slow the decline in project costs. These federal policies create additional factors that compound the challenge to DOER's proposed Base Compensation Rate structure.

Taken together, these challenges warrant reducing the automatic decline in Base Compensation Rate schedules for all projects to ensure that the Commonwealth's solar goals are achieved

¹⁸ <https://ngus.force.com/servlet/servlet.FileDownload?file=0150W00000EoGc8>

¹⁹ <https://ngus.force.com/servlet/servlet.FileDownload?file=0150W00000EoMX5>

²⁰ https://www.eversource.com/content/docs/default-source/builders-contractors/aso-report-4-9-2020.pdf?sfvrsn=7f55d362_0

²¹ <https://www.seia.org/research-resources/section-201-solar-tariffs>

through the SMART program, and that projects can continue to receive financing all while stimulating a competitive market for clean energy.

Recommendation: In light of the aforementioned headwinds to project cost declines, the Solar Commenters recommend that DOER applies the 2 percent decline in Base Compensation Rates for behind-the-meter projects to all projects and in the next open capacity block for each territory. Most provisions of the Emergency Regulations take effect as of the Publication Date. For some reason, however, the 2 percent decline in Base Compensation Rates for behind-the-meter projects applies only beginning in Block 9. To align with the efficacy of other provisions, the 2 percent behind-the-meter decline should apply to all projects for the next open capacity block in each territory. Furthermore, DOER should freeze the rate of decline for all project adders, and closely monitor application and attrition data and be prepared to reset base compensation rates in the event project development begins to stall.

5) Other Issues

a) Low income provisions

Section 20.06(1)(f)(4) of the emergency regulations state:

“Electricity or bill credits may be allocated through a municipal load aggregation program established pursuant to M.G.L. c. 164, § 134, or through a low-income community shared solar program established and administered by a Distribution Company.”

Section 20.06(1)(h)(5) of the emergency regulations is similar to Section 20.06(1)(f)(4) but applies to community shared solar.

The Solar Commenters are concerned that these provisions *could* be interpreted as providing exclusive rights to low income community shared solar to Distribution Companies. The Solar Commenters – in addition to many other advocates – are currently working on innovative ways to bring the benefits of solar to low income customers. The provision of solar to low income customers has been difficult, but we do not think the solar industry should be excluded from this market segment.

Recommendation: The Solar Commenters ask DOER to clarify that sections 20.06(1)(f)(4) and 20.06(1)(h)(5) are meant to expand the potential provision of solar to municipal load aggregators and Distribution Companies (subject to review by the DPU), and shall not be interpreted as restricting the opportunities for developers and/or advocates to deliver the benefits of solar to customers.

b) Community solar subscriber issues

The suspension of in-person sales and general customer distraction due to COVID-19 have created major challenges to enroll community solar subscribers, and even when sales do resume, it will take many months for the industry to return to its normal operations prior to the crisis.

Recommendation: The Solar Commenters ask that DOER provide flexibility around the requirement in the Statement of Qualification Reservation Period Guideline for community solar and low-income community solar projects to achieve 90 percent subscription. The current SOQ Reservation Period Guideline states that if a project elects an indefinite SOQ extension pending Authorization to Interconnect (“TI”), an Incentive Claim must be filed within 10 days of receiving ATI or the project’s full SoQ will be cancelled. The current SoQ Guideline requires community solar and low-income solar projects to demonstrate 90 percent subscription by the incentive payment effective date, which in combination with the 10-day deadline means that a project must demonstrate 90 percent subscription within several months of ATI. We request that the 10-day requirement be removed, or the 10 days be modified to a 12-month grace period so that projects can take the additional time needed to secure subscribers. Projects would maintain their capacity block and offtaker adder tranche reservations, but SMART incentive payments would not begin until the 90 percent threshold is met and properly documented. In cases where a project fails to meet the 90 percent subscription requirement by the payment incentive effective date and is sent to the back of the SOQ line, capacity in the newer block would be guaranteed to be available (since that capacity was created by being removed from the higher block).

c) Public Entity Solar Tariff Generation Unit Definition

The Solar Commenters appreciate the extension of the definition of Public Entity Solar Tariff Generation Unit to projects sited on privately owned property. We raise one issue with the expanded language in that the municipality hosting a project may not have the appetite to procure the entirety of the offtake from a project. Due to successful deployment of solar, some municipalities have ample land on which to host a project, but little remaining appetite for offtake. Ensuring that solar is able to be developed where land is available and that offtake is able to be spread to more constrained municipalities will benefit public participants.

Recommendation: Amend the definition of Public Entity Solar Tariff Generation unit (b)(ii) to allow for offtake to multiple municipalities. We recommend that the language read “the Owner has assigned 100 percent of its output to the Municipality in which the Solar Tariff Generation Unit is sited and up to three (3) other Municipalities or Other Governmental Entities located in Massachusetts and served by the same Distribution Company as serves the Solar Tariff Generation Unit.” This would allow greater participation and benefit for municipalities, while ensuring that the host municipality is a participant in the project.

d) Alternative On Bill Credits For Behind the Meter Projects (“BTM”)

Due to the net metering caps, new BTM solar projects across the Commonwealth are unable to complete development in a way that reduces customers’ energy consumption while also financially benefitting them. The AOBC as designed in the 2018 version of the SMART regulations mimics virtual net metering. On-site commercial customers who wish to place the solar behind the meter are left out of this provision in SMART.

DOER stated its intentions in the September 2019 SMART straw revisions presentation that the new regulations would allow BTM solar projects to elect to be compensated with the AOBC provision, correcting the perverse incentive to site projects in front of the meter. However, the definition of AOBC in the Emergency Regulations continues to reference only standalone systems creating confusion in the market.

Recommendation: The Solar Commenters propose that the DOER explicitly clarifies the definition of AOBC to allow for BTM systems to receive those credits. It appears that other changes in the regulations would allow for a smooth application of AOBC for BTM systems, namely the second Value of Energy calculator.

Conclusion

The Solar Commenters appreciate the DOER's commitment to our industry and our customers – your residents and businesses. Our organizations remain committed to helping Massachusetts achieve its clean energy objectives. Please feel free to reach out to David Gahl, dgahl@seia.org, on behalf of the Solar Commenters, with follow up questions or for additional information.

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COVID-19 IMPACTS

On the Massachusetts Solar Industry

The Novel Coronavirus Pandemic has Caused Significant Economic Damage to Solar Companies in Massachusetts

Like many American industries, the solar industry has been hit hard by COVID-19. Compounding issues, including supply chain delays, tightening of tax equity markets, homeowners' financial concerns, shelter-in-place orders, and permitting challenges are all placing tremendous pressure on the industry. Without strategic government action, U.S. jobs and economic investment will suffer. With the right policies in place, the solar industry is poised to lead the U.S. out of this economic recession and create jobs for thousands of Americans.

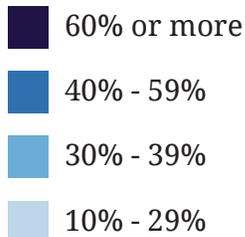
Due to the COVID-19 pandemic, the outlook for solar has changed dramatically. Through June of 2020, the Massachusetts solar industry will employ 3,921 workers, rather than the 8,205 that was originally forecasted.



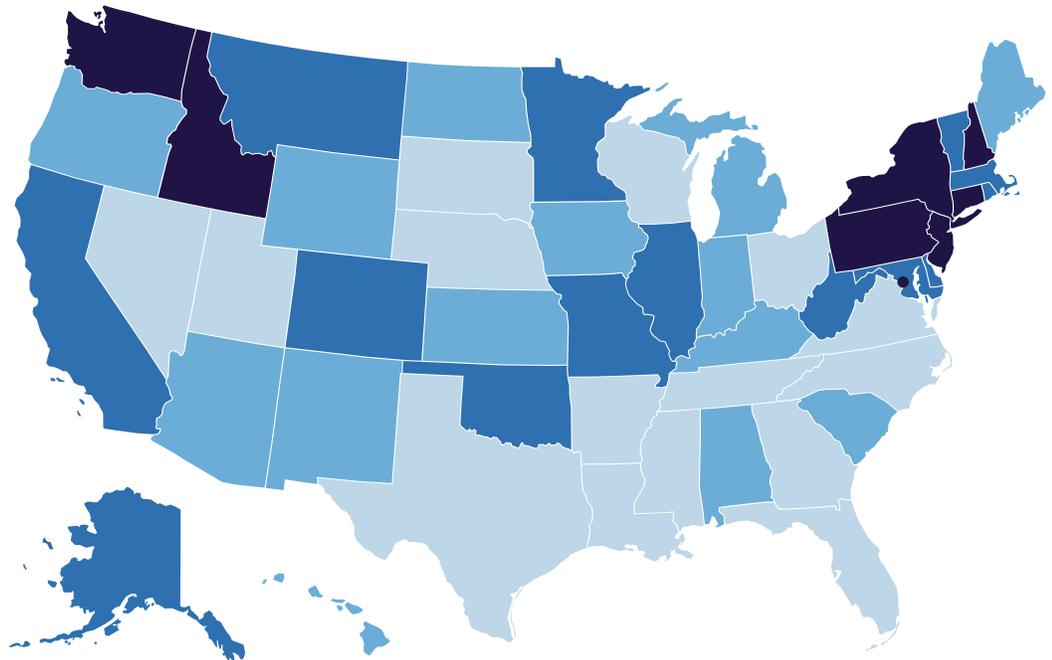
52% fewer U.S. solar workers than pre-COVID forecasts

Nationwide, the COVID-19 pandemic has put more than 100,000 solar jobs at risk. These losses would negate 5 years of solar industry growth, pushing the workforce back to a level not seen since 2014.

COVID-19 Solar Job Losses by State



36 states will suffer solar job losses in excess of 30%



May 2020

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Learn more at seia.org/covid-19

COVID-19 Impacts on the Massachusetts Solar Industry

Due to the COVID-19 pandemic, the Massachusetts solar industry will install 21.4 megawatts (MW) of capacity in Q2 2020.



↓ **66% less solar capacity installed than pre-COVID forecasts**

The Q2 losses in Massachusetts solar deployment due to COVID-19 are equivalent to powering **7,001 homes** and **\$106.6 million** in economic investment.

What's happening nationwide

The impacts of COVID-19 on solar businesses are not limited to Massachusetts. The U.S. solar industry as a whole will face significant reductions:

- » Through June 2020, there will be 38% fewer solar workers nationwide than pre-COVID forecasts.
- » The U.S. solar industry will install just 3 GW of solar in Q2 2020, 37% less than pre-COVID forecasts.
- » These Q2 losses in solar deployment nationwide will result in \$3.2 billion not invested in the U.S. economy in 2020, and represent enough electric capacity to power 288,000 homes.

The stories behind the data

- » A mid-sized Massachusetts-based developer has had to stop all new business and construction activity and furlough 75% of its staff due to COVID-19. The combination of state-mandated work stoppages, lack of response from permit offices and utility interconnection officials and lack of new business has made operating with full staff impossible.
- » A small residential installer based in Massachusetts laid off 80% of its staff in late March due to state-imposed work stoppages. Now in their 6th year of operations, the company was on pace to have its best year yet, but now they are uncertain about future viability.
- » A solar EPC headquartered in Massachusetts has laid off half of its staff due to COVID-19. Most of its customers have asked that they put existing projects on hold. At the same time, new businesses has dried up to almost nothing. Many of the company's completed projects are sitting idle because inspectors cannot visit the site and/or the utility won't interconnect them. The company will not get paid until the project is interconnected, even if their work is complete.
- » According to one residential solar installer, potential customers have "stopped entertaining the idea of online or phone sales, because most were unwilling to consider significant purchases amidst the uncertainty surrounding job security."

