LISC Boston

July 10, 2017

Commissioner Judith Judson
Department of Energy Resources
100 Cambridge Street #1020
Boston, MA 02114

RE: SMART solar incentive program

Dear Commissioner Judson:

Thank you for the opportunity to provide comments on the Solar Massachusetts Renewable Target solar incentive program ("SMART"). I write on behalf of our affordable housing owner partners listed below and Local Initiatives Support Corporation (LISC) Boston, which works to increase equity across Massachusetts, helping people gain the opportunities and skills they need to succeed, and improving the health, safety, and prosperity of the places they work, play, and live. Since 2010, we have worked with over 50 multifamily affordable housing owners statewide to track energy performance of 17,000 units through benchmarking, undergo energy retrofits in 5,000+ units, and leverage over $17 million. Currently, LISC Boston is increasing access to clean energy by providing whole building energy audits for 24 multifamily affordable housing properties approaching rehabilitation and technology optimization for 14 existing renewable technologies, including solar photovoltaic systems.

Our comments focus on SMART's impact on low-income and shared solar projects. These kinds of projects have a critical role to play in addressing energy affordability challenges for families struggling to pay their electricity bills and affordable housing properties looking to stabilize utility costs. Unfortunately, the continued development of these projects under SMART is in jeopardy. In addition, as key barriers to solar are not addressed in the regulations, access to these projects will remain limited.

Our main concerns are that the compensation levels under SMART are too low and the mechanism for sharing savings from solar has not been established. First and foremost, solar only works for low-income communities if it stabilizes electricity bills and saves people money. That won't be possible for a range of projects under SMART because the cuts in compensation are too steep. For example, SMART cuts total compensation for private affordable housing solar projects by at least 46%, as compared to SREC II and full retail net metering. Statewide, only 36 of these projects were developed with the higher compensation levels available under SREC II. No new projects have come on line under the new, lower net metering rates. SMART compensation rates will be even lower and challenge the economic feasibility of these projects.

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Second, if designed properly, SMART has the potential to expand access to solar across Massachusetts. Achieving this goal, however, requires a crediting mechanism that allows solar bill credits to be shared with any electricity account in the Commonwealth. This is not allowed under the current net metering framework and has served as a major barrier to solar access for urban and low income residents in and around Boston, where sites for shared solar projects are extremely limited. Unfortunately, the draft regulations are silent on whether bill credits can be shared across utility territories and load zones and provide no detail whatsoever on how the crediting mechanism will be administered. Recognizing that the DPU has jurisdiction over the tariff, DOER has missed an important opportunity to provide further guidance on how the crediting mechanism should be designed to ensure expanded access to solar, especially for low-income and shared solar projects.

To address these issues, DOER should do all of the following to ensure equitable access to SMART for low income communities and residents:

1. Increase compensation base rate, fix additional incentive (“adder”) values for the term of the program, and slow the rate of compensation decline for all categories of low-income and community shared solar projects to ensure they can provide savings and remain economically feasible.
2. Issue guidelines for a straw proposal for the Alternative On-Bill Credit Mechanism that includes the elements needed to ensure expanded access to shared solar for low-income communities and residents.
3. Expand the definition for “low-income customer”. The current definition limits eligibility to the R-2 rate class, customers on the low-income discount rate. This leaves out many lower income renters as well as moderate-income customers that may struggle to pay their electricity bills. This definition should be expanded so these groups are included. One pathway for achieving this without extensive income-qualification programs would be to additionally incentivize solar projects in Environmental Justice communities.
4. Remove the cap on projects with adders.
5. With the above in place, DOER should also create a set aside within the SMART program for low-income community shared solar projects, as there is for small residential rooftop systems.

With these program fixes, the SMART program has the potential to make it significantly easier for low-income communities and residents to benefit from solar, for affordable housing to use solar to reduce the volatility of and lower utility costs; and for solar to help families struggling to pay their electricity bills.

Thank you for your consideration of these important issues and helping to create a more renewable and equitable future for the Commonwealth.

Regards,

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