

COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF ENERGY RESOURCES

SMART PROGRAM)
REVISED GUIDELINE REGARDING)
LOW INCOME GENERATING UNITS)

**JOINT COMMENT OF
THE LOW-INCOME WEATHERIZATION AND FUEL ASSISTANCE PROGRAM
NETWORK, NEXAMP, VOTE SOLAR, CITY OF NEW BEDFORD, PEOPLE ACTING
IN COMMUNITY ENDEAVORS, NATIONAL CONSUMER LAW CENTER, AND
EVERSOURCE ENERGY:**

NO COST LOW INCOME COMMUNITY SHARED SOLAR ROADMAP

I. INTRODUCTION

This Comment concerns revisions to the Guideline Regarding Low Income Generating Units, pursuant to the Department's invitation for Comment. This Comment is filed by the following:

A. The Network

The Low-Income Weatherization and Fuel Assistance Program Network (Network) is comprised of the Community Action Programs (CAPs) and other agencies that deliver the federal weatherization and fuel assistance (LIHEAP) programs in the Commonwealth that are administered by the Department of Housing and Community Development (DHCD).

G.L. c. 25, sec. 19(c) (Green Communities Act, St. 2008, c. 169, sec. 11) provides that "The low-income residential demand side management and education programs shall be implemented through the low-income weatherization and fuel assistance program network and shall be coordinated with all electric and gas distribution companies in the commonwealth with the objective of standardizing implementation."

Members of the Network counsel utility customers about rates and payment options, and arrange rate payment assistance (including LIHEAP, arrearage management, and other forms of assistance) for utility customers. The Network is thus in unique possession of information that can help inform the Department's instant deliberations, including direct experience of low-income customers and member agencies of the Network, as well as consequences of the proposals now under consideration by this Department.

The Network reaches every city and town in the Commonwealth and is intimately knowledgeable about the conditions of life for Massachusetts low-income residents. By

definition, living with a low income in Massachusetts means not having sufficient income to afford good health, nutrition, safe housing, and essential utilities. Low-income energy burdens (fraction of income devoted to energy bills) are double those of non-low-income households -- and often much higher. Because they live on an economic edge, one costly event -- a health emergency or major car repair, for instance -- is an economic catastrophe. Low-income consumers are finding it increasingly difficult to afford their energy bills due to both (a) volatile but generally increasing energy prices and (b) continued pressure on their incomes. Low-income households are particularly unable to accept economic risk, especially in the current economic emergency.

The Network, its member agencies, and their clients are thus substantially interested in this Guideline. Not only because the energy efficiency, weatherization, education, assistance, and counseling services The Network and its members offer and implement are affected by the outcome of this proceeding, but especially because their clients depend on these services and the net price to them of electric energy.

Community shared solar can play a critical role in making energy, and thus life, more affordable for low-income consumers. At stake are the level of utility bills after offsets of solar energy and the consequent levels of payment assistance needed.

B. Nexamp

Nexamp was founded over a decade ago, and since that time has grown from a small residential solar installer to a fully integrated solar development company with over 165 projects of solar installations in nine states. As a fully integrated solar developer, Nexamp, is not just the long-term owner of the facilities it builds, but also is responsible for all of the customer acquisition, billing, and customer management associated with operating a community solar project. By being involved in all aspects of running a community solar project, Nexamp has the unique perspective of what is required to make a project financially viable and accessible to all members of the community.

Nexamp's company mission of building the future of energy so that it is clean, simple, and accessible, the growth and success of Nexamp's program can be attributed to its fair and equitable subscription program. Nexamp's program was designed to ensure that everyone -- regardless of income, credit history, dwelling or geographic location -- can participate in community solar.

C. Vote Solar

Vote Solar is an independent 501(c)3 nonprofit working to repower the U.S. with clean energy by making solar power more accessible and affordable through effective policy advocacy. Vote Solar seeks to promote the development of solar at every scale, from distributed rooftop solar to large utility-scale plants. Vote Solar has over 80,000 members nationally. Vote Solar is not a trade group nor does it have corporate members.

Vote Solar is excited and pleased to help bring solar to low income families in the Commonwealth. Vote Solar believes relatively minor changes to the Guideline -- and eventually

the SMART tariffs – will help low income families access the financial benefits of solar, thereby lowering their energy burden.

D. City of New Bedford

New Bedford is a post-industrial, Gateway city in Southeastern MA. As of the 2010 census, the city had a total population of 95,072, making it the sixth-largest city in Massachusetts. Of that population, approximately 30% of our residents are low-income. Currently, the City has 16.25 MW's of distributed assets under contract, but none of those credits have been applied to our low-income residents for several reasons. To address this need, together with our local CAP agency People Acting in Community Endeavors (PACE), we have been working on a community solar project to service all of PACE's 9,500 constituents for over a year. These minor changes to the SMART guidelines will allow us to fully serve all sectors of our City with the benefits of renewable energy.

E. People Acting in Community Endeavors (PACE)

PACE is a non-profit Community Action Agency whose mission is to deliver innovative and effective services to members of the Greater New Bedford community in their pursuit of brighter futures. PACE serves over 30,000 people each year and administers federal LIHEAP benefits to over 9500 households in New Bedford, Dartmouth, Acushnet, Fairhaven, Mattapoisett, Marion, and Rochester. For over a year, PACE has worked collaboratively with the City of New Bedford to develop a community solar project that would enable our low-income LIHEAP clients to access the financial benefits of solar. Our organization has built relationships with our clients since 1982 and has developed the infrastructure to deliver solar benefits to our clients. We support these changes to SMART guidelines, which would remove the roadblocks to successful low-income community solar initiatives and create a more equitable distribution of the benefits of solar in our community and beyond.

F. National Consumer Law Center (on behalf of its low-income clients)

The National Consumer Law Center (NCLC) is a 501(c)(3) with a mission of seeking economic justice for low-income households. Since its founding 50 year ago, NCLC's work has included a focus on making energy affordable for low-income households. As renewable energy has become more prevalent, NCLC has additionally focused on ensuring that low-income families will receive economic benefits from the burgeoning development of solar projects. The proposals included in these comments represent a significant step forward in that regard and hold the promise of solar helping to reduce energy bills for thousands of low-income households.

G. Eversource Energy

Eversource is New England's largest energy delivery company, with more than 3.7 million customers across three New England states. In Massachusetts, Eversource provides electricity service to 149 cities and towns across the Commonwealth. Over the past decade, Eversource has interconnected more than 80,000 customer-sited PV systems in Massachusetts, Connecticut and New Hampshire totaling more than 1,500 megawatts. Eversource is working with low-income advocates, the clean energy industry, and regulators across its territories to

support new community shared solar models that allow low-income customers to benefit from New England’s clean energy transition.

II. ISSUE

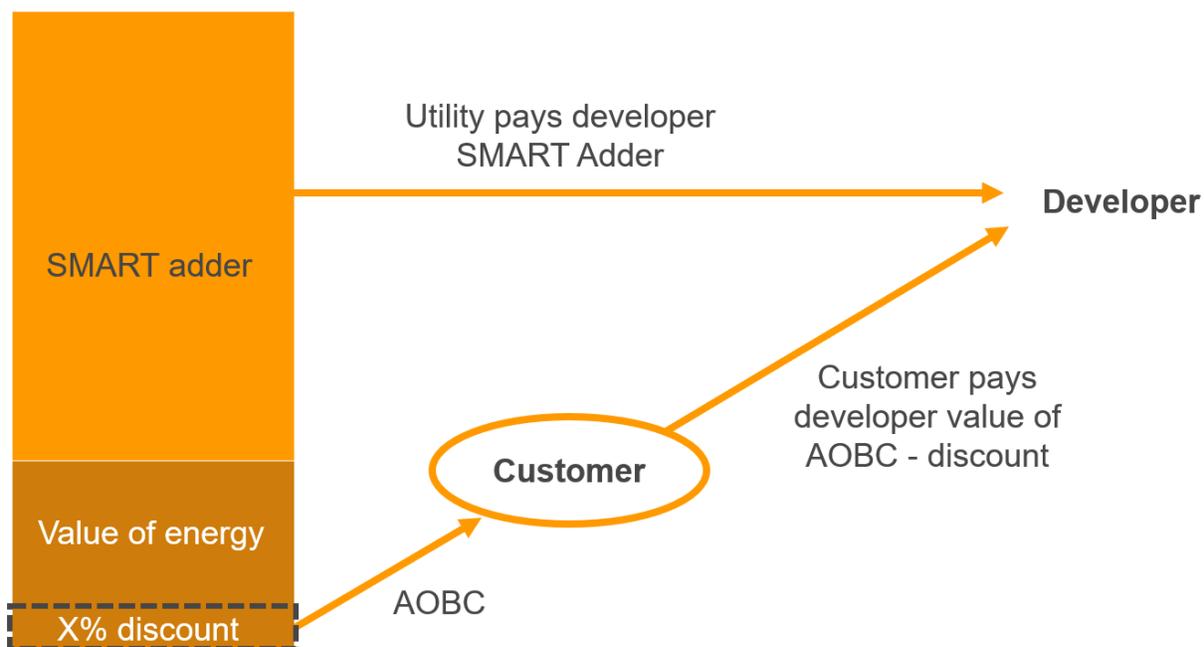
Electric customers in the Commonwealth that are on the R2 and R4 low-income discount electric rates (“Low Income Customers” or “LI Customers”) have the highest energy burden and represent the most financially vulnerable population in the Commonwealth. These customers have the potential to benefit the most from the financial benefits of solar, but unfortunately represent a very small fraction of participating customers in the Solar Massachusetts Renewable Target program (“SMART program”) administered by the Department of Energy Resources (“DOER”).¹

To date, low income solar has encountered many monetary and non-monetary barriers to adoption in the Commonwealth (and around the United States). In the Commonwealth, the current framework for community shared solar (“CSS”) has not resulted in wide-spread adoption by Low-Income customers. One of the primary reasons for the low adoption rates of CSS by Low Income Customers is the need for the customers to pay for the benefits that they receive. ***This framework is necessary for the solar developer to monetize the benefits of solar using either net metering or Alternative On-Bill Credits (“AOBC”).***² Figure 1, below, represents the current CSS model in Massachusetts.

¹ As of 5/27/20 at 8:45am, 28.015 megawatts (“MW”) of the SMART program have been allocated to Low Income Community Shared solar, and 900 kilowatts (“kW”) of the SMART program have been allocated to Low Income Properties. This allocated capacity represents 2.88% of total allocated capacity in the SMART program. By contrast, low-income load is in excess of 10% of total customer electric load. (Computed from data at LI: <https://masmartsolareversource.powerclerk.com/MvcAccount/Login>). See G.L. c.25, sec. 19(c) (“Electric and gas energy efficiency program funds shall be allocated to customer classes, including the low-income residential subclass, in proportion to their contributions to those funds; provided, however, that at least 10 per cent of the amount expended for electric energy efficiency programs ... shall be spent on comprehensive low-income residential demand side management and education programs.”)

² Solar developers have the option to give away net metering credits or AOBC to customers, but this should primarily be viewed as a donation rather than a program design. Currently, the SMART program requires low income CSS projects to allocate at least 50% of output to Low Income Customers, but a developer cannot viably build projects and give away 50% of the output.

Figure 1: Current Community Shared Solar Model



Under the current framework, the electric distribution company (“EDC”) must (1) pay the developer for the SMART adder, and (2) allocate bill credits to customers pursuant to a net metering Schedule Z or a SMART Incentive Payment / Credit Form.

III. OBJECTIVE

The goal of this roadmap is to create a viable solar option for Low Income Customers in the Commonwealth. This document highlights a step-by-step process for deploying meaningful solar benefits to Low Income Customers. If adopted, the roadmap would create a strong low income solar mechanism that:

- (a) delivers meaningful benefits to Low Income Customers, thereby helping to address energy affordability issues for these customers;
- (b) is easy and non-intrusive for the Low Income Customers, thereby addressing consumer protection issues associated with customer recruitment;
- (c) requires no financial commitment from the Low Income Customers, thereby eliminating any financial consumer protection issues; and
- (d) allows LI customers to enroll by signing a short, customer-friendly contract, acknowledging that the low-income participant will receive the benefit but have no long-term commitments, fees, or penalties as well as confirm the participant will never be charged for participating.

In summary, this proposal would provide the option of simple low-income solar bill credits without an exchange of funds.

IV. PROPOSAL

A. Eligibility

Only Low Income Customers would be eligible for participation.

B. Customer Acquisition

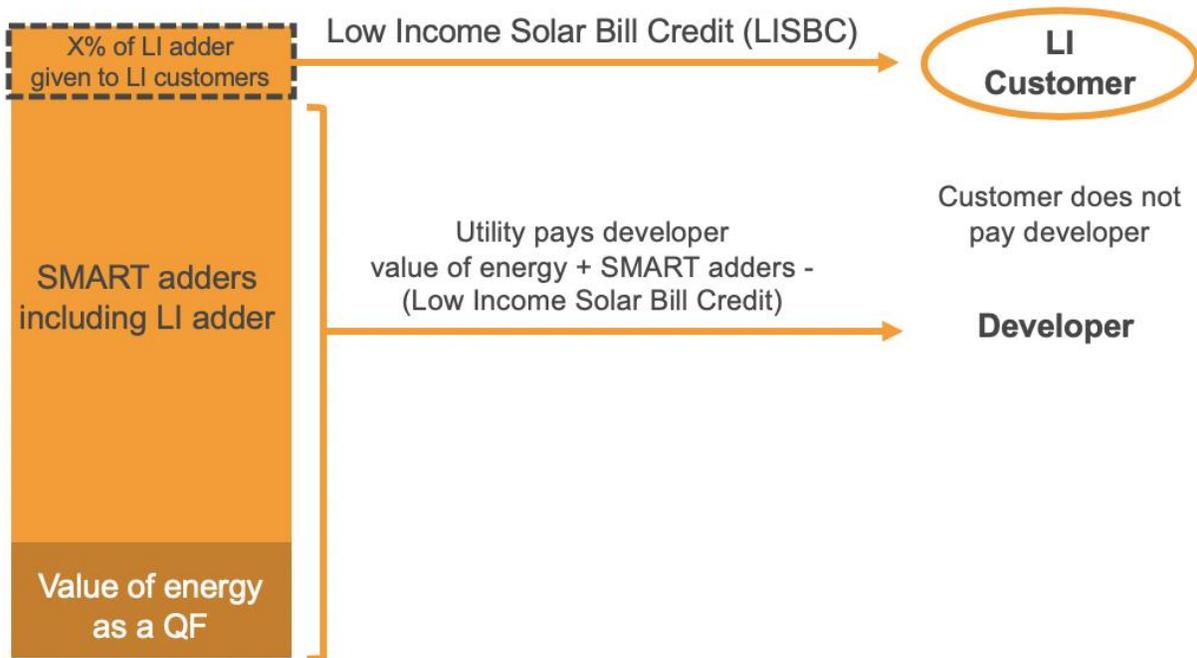
The Massachusetts Low-Income Weatherization and Fuel Assistance Program Network (the Network), which includes Community Action Programs (“CAPs”), will have responsibility for the recruitment of all participating customers in this mechanism. Based on their existing relationships with low-income customers (i.e., those enrolled in the R2 or R4 Low Income Discount Rate) and unique ability to identify all such low-income customers, The Network is ideally situated to enroll low-income customers and determine an equitable prioritization algorithm by which Low Income Customers participate in the program, e.g., highest energy burden. The Network is designated by statute to implement the statewide utility-ratepayer-funded low-income energy efficiency program (G.L. c. 25, §19(c)). Other community organizations may also help educate low-income customers about the benefits of community solar. Developers will not directly market to Low Income Customers.

C. Mechanism

Under this proposal, the project developer will receive its total compensation directly from the EDC, and the EDC will be responsible for allocating bill credits to participating Low Income Customers. Figure 2, below, represents the proposed CSS model for Low Income Customers.³

³ Payment to Customers and/or developers may be made by a third-party financial entity.

Figure 2: Proposed Community Shared Solar Model for Low Income Customers



For the proposal to work, the SMART compensation (including the low income adder) must be split into two parts. The first part is the portion of the low income adder that is allocated as a bill credit to Low Income Customers. The second part is the remainder of the SMART compensation, which is paid to the solar developer. Since the solar developer is paid the balance of the SMART compensation, there is no need for the participating customer to compensate the solar developer.

The remaining compensation for the project owner is the value of energy. Under this proposal, every participating project must register as a qualifying facility (“QF”). The compensation for the value of energy is the avoided cost rate as determined by 220 C.M.R. 8.00 *et seq.* The EDC will need to pay the solar developer the value of energy.

Under the proposed framework, the EDC must (1) pay the developer for the QF value of energy, the SMART adder, and a portion of the low income adder, and (2) allocate bill credits (a portion of the low income adder) to customers pursuant to a Payment / Credit Form. The calculations for payments to the solar developer could be determined by the SMART program administrator.⁴ In addition, the SMART program administrator would calculate the bill credits that should be allocated to participating customers pursuant to the Payment / Credit Form. This process should not increase the work for EDCs and may actually decrease administrative costs associated with the SMART program.

⁴ The EDCs may want to internally calculate the payment for the value of energy pursuant to the applicable QF tariff.

V. CHANGES TO THE SMART REGULATIONS

No changes are necessary to the SMART Regulations.

VI. CHANGES TO GUIDELINES⁵

A. Allow Parties to Propose Alternative Mechanisms

The DOER should clarify that Sections 20.06(1)(f)(4) and 20.06(1)(h)(5) are meant to expand eligibility and allow for EDCs and municipal aggregators to propose alternative mechanisms. These sections are *not* meant to exclude non-EDC and non-municipal aggregators from proposing them. The sections could otherwise be interpreted as providing municipal aggregators and EDCs with exclusive rights to serve low income customers. This would inadvertently stifle innovation.

B. Explicitly Allow for the SMART Compensation to be a Bill Credit

To reduce uncertainty, the DOER should clarify that the SMART Regulations permit the allocation of SMART compensation as electric bill credits. While it is likely that the Department of Public Utilities will ultimately need to weigh in on this topic, the DOER should be clear that the allocation of SMART compensation as electric bill credits is permissible under DOER regulations. Alternatively, payment to Customers and/or developers may be made by a third-party financial entity.

C. Clarify Definition of Low Income Community Shared Solar Tariff Generation Unit

A Low Income Community Shared Solar Tariff Generation Unit is currently defined as:

A Community Shared Solar Tariff Generation Unit with at least 50% of its energy output allocated to Low Income Customers in the form of electricity or bill credits.

The DOER should clarify this definition to accommodate the foregoing mechanism.

VII. CONCLUSION

These Commenters appreciate the Department's focus on increasing access to solar energy benefits for low-income electricity customers. We submit these Guideline revisions for the purpose of effectuating the Department's important goal in a way that meets the needs of both customers and developers.

⁵ Revisions to the SMART tariff are needed to conform the tariff to the mechanism described in this Comment.

Respectfully submitted,

The Low-income Weatherization and Fuel Assistance Program Network, by its attorney,

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