Massachusetts Solar Owners Association
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Revised July 7, 2014

Representative Brian S. Dempsey, Chair
House Ways & Means Committee
State House
Room 243 Fax # 617- 722 -2215
Boston, MA 02133

RE: H4185, "An Act relative to net metering and solar power"

Dear Representative Dempsey,

The Massachusetts Solar Owners Association is a relatively new organization. Beginning in the fall of 2013 we currently represent over fifty state solar owners and are growing, two new members joined yesterday. We are not sponsored by or have an affiliation with a state regulated utility or solar industry association.

The bill H4185 currently before your committee we believe as presented is not in reality a "compromise" between the utilities and the state's solar stakeholders. If it had truly been a compromise, then groups such as SEBANE and MASOA would have been invited to be part of the negotiations. This was not the case. So we sincerely ask (and thank you in advance) to consider for debate and discussion the proposals within this letter as this bill goes through the House Ways and Means Committee.

Proposal No. 1: ***Amend H4185 to Implement No New Changes (Except Net Metering Cap and 1600 MW Goal) for Two Years.***

Although this bill has some good ideas the rush to get this bill to a vote has left too many unknowns: the impact of eliminating the SREC program on small system owners and community solar projects; how the new Declining Block program and Minimum Bill will be implemented and who will oversee the utilities management of it; the effect of slashing the Virtual Net Meter benefit almost in-half, just to name a few. Logically a bill like this would go back to DOER to address these issues, but we realize that because this bill also includes increasing Net Metering capacity, there is a lot of pressure to pass it before July 31st. Our proposed amendments give all solar interests more time to adjust as well as work on possible changes and modifications with the DOER to make a smoother transition. Therefore we ask that Way and Means consider the following amendment by adding line 620 to read:

> SECTION 9. The Department shall delay implementation of SECTION 2 through 3 and SECTION 6 through 8 for a period of two years so as to allow input and possible further amendments from Massachusetts solar stakeholders. Those sections that have set year implementations shall therefore be reset by increasing the transition periods two years.

Proposal No. 2: ***Amend H4185 to Remove Solar Minimum Bill***.

This fee on ***everyone's*** monthly bill is designed to scapegoat solar energy as the reason that ratepayers pay extra on their electric bill, and punishes the solar "free-loaders" by requiring

anyone who zeros out their bill with solar energy to also help pay this undue burden with a minimum fee on their bill. ALEC has shown in other states that this PR tactic serves two goals; 1) it turns the ratepayers against renewable energy believing it is unfairly subsidized (fact: fossil fuels get 73 government subsidies for every 1 for renewables), and 2) it discourages new solar investment, especially residential and small business.

Despite bill proponents contention that this section (Lines 235-250) is really a modest charge that will only be applied to solar accounts, the language has legislators directing the DPU to "review and approve" a new "monthly minimum contribution" on all ratepayers.

This section of the bill as written is a clear indication that it's drafters had no input from the broader solar stakeholder community or any concern for small PV system owners. If we take the proponents at their word, and believe their presentations, then a small fee of $5.00 per month on a solar account is what's at stake. For a large solar installation with a megawatt scale installation a $5.00 monthly fee has little impact. The impact is much greater to a small 1 kW to 5 kW solar PV owner who is offsetting their $30 to $60 electric bill with renewable energy.

Among MASOA members however there are many small system owners whose solar electric production zeros out their electric bills during high production months of April through September, so that it earns them modest net metering dollar credits they apply to their electric bills for the remaining six months when their PV system production cannot match their usage. As an example one of our members has 3 kW PV system. An environmentally careful household their surplus net metering credits from April through the end of September averages $65.28 annually over the last three years. Those credits are applied to their winter bills and used up on average by late February. If H 4185 goes into effect and they are charged $5.00 per month April – September, their overall annual credit budget is cut to $35.28, a 46% loss in solar revenue credit.

Now lets add up the revenue results for the utility and the solar PV owner for this example under current law. The utility credits the solar PV owner $65.28 but earns $77.71 through selling the excess produced electricity to the solar owner's neighbors and the "Net Metering Recovery Surcharge" on ratepayer's bills, **a 20% mark-up**. Under H 4185 the utility will credit the customer only $35.28, but they will still earn $77.71 plus a new $30.00 in minimum contribution fees at the expense of this solar owner. So to understand this clearly, if H4185 becomes law, and the Minimum Contribution [fee] was $5.00 per month, the utilities would earn $107.71, **a 205% mark-up** on renewable solar energy!

Our point is simply this, the utilities are already making a profit from solar owners exporting their excess electric generation, therefore there is no justification for this so-called Minimum Fee except as a negative public relations scheme against future solar PV development. In addition this minimum contribution [fee] is so vaguely written it is like giving the utilities a blank check from the legislature. It isn't hard to see the windfall profits for the utilities if the Minimum Contribution [fee] is only $1, but do the math if they decide it should be $10 or more.

> Therefore we would ask that Way and Means consider the following amendment of removing SECTION 2, Lines 233 through 250, and SECTION 4 Lines 421 through 422 inclusive.

Proposal No. 3: ***Amend H4185 So As To Leave the Current SREC Program Unchanged.***

For almost two years the DOER developed the SREC2 program through exhaustive study and public hearings, and it was implemented on April 26, 2014. This bill would replace a known

open market Solar Renewable Energy Credits (SREC) program that serves all with an unknown, yet-to-be-determined, declining block incentive managed by individual utilities each in their own style as ordered through a lengthy and arcane DPU tariff process and then subject to constant amendment at utilities' requests forever.

> Therefore we ask that Way and Means consider the following amendment of removing all references to replacing SRECs with a Declining Block Incentive Program, SECTION 6, Lines 559 through 577; as well as other portions so referenced within the bill such as SECTION 1, Lines 21 through 232.

Proposal No. 4: ***Amend H4185 So As To Encourage Residential and Small Business To Invest In Solar.***

This bill would limit the size or capacity to generate solar electricity onsite to a maximum of 100% of the customer's 3-year average electrical demand with the onus on the customer to prove any future electrical needs. This takes away a fundamental right provided under the Green Community Act (GCA) that allows solar owners to share renewable energy production with neighbors, family and friends within the same distribution area. Example: You could put a 12kW system on your barn, but you only need 4kW, because of trees your nearby family can't have solar, today you could share your extra 8kW of renewable electricity. However under H4185 you would be unable to share or even build more than a 4kW solar installation. There are many other examples where this provision in H 4185 amounts to a limitation of PV technology's benefits to electric vehicle adoption, installation of appliances using electricity to replace those currently using fossil fuels, business expansion plans, institutional carbon footprint reduction strategies and agricultural operations applying for Federal USDA grants.

> Therefore we would ask that Way and Means consider the following amendment of removing SECTION 5, Lines 339 through 354 inclusive and lines 482-502 which gives the utilities design discretion to limit Phase 2 eligibility for many projects and relegate them to the *Virtual Net Metering Category*.

Proposal No. 5: ***Amend H4185 So As To Leave the Current Virtual Net Metering Unchanged.***

This bill would slash the Virtual Net Metering rate nearly in half, which basically eliminates the viability of true community-shared solar now just getting established under the SREC2 program. The sharing of a solar PV system retail value production between accounts as allowed under the Green Community Act is a strong incentive for the development of Community Solar. The recent federally sponsored SunShot Solar Rooftop study found that only about 24% of residential dwellings were properly sited for solar PV, in addition the Solarize Mass. program concurs that many more homeowners sign up for solar only to find that due to shading or other reason they do not qualify. Because of this there is a large demand for community shared solar projects, and under SREC2 and the Green Community Act, virtual net metering gives participants the same incentives as if the solar was on their property. H4185 as written will greatly reduce this incentive. It is not only Community Solar projects which will take a large hit making investment in solar untenable. Businesses and Farms, Condo groups and institutions with multiple accounts will now be categorized under the new label of "Campus Solar Virtual Metering Facilities" if H4158 is enacted, and will also be dissuaded from investing in solar energy as well.

> Therefore we would ask that Way and Means consider the following amendment to SECTION 4, replacing Lines 383 through 386 with the following:
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> (i) default service kilowatt-hour charge in the ISO-NE load zone where the customer is located; (ii) distribution kilowatt-hour charge; (iii) transmission kilowatt-hour charge; and

(iv) transition kilowatt-hour charge; provided, however, that this shall not include the demand side management and renewable energy kilowatt-hour charges set forth in sections 19 and 20 of chapter 25 or the rate recovery mechanism set forth in chapter 94K.

And in SECTION 5 replacing Lines 383 through 386 with the following:

(ii) distribution kilowatt-hour charge; (iii) transmission kilowatt-hour charge; and (iv) transition kilowatt-hour charge; provided, however, that this shall not include the demand side management and renewable energy kilowatt-hour charges set forth in sections 19 and 20 of chapter 25 or the rate recovery mechanism set forth in chapter 94K.

MASOA would like to have proposed numerous other changes, clarifications and improvements prior to H4185 going to the legislature from DOER as part of a deliberative process. However, before embarking on yet another new incentive program, please consider this:

Is Having Four Solar Incentive Programs In Five Years A Good Idea?

Since 2010 the SREC program has proven successful. H4185 as written will amount to the fourth major change in the Solar Program incentives in the last five years. Some of our members have three separate solar kWh meters on their systems as they have expanded their installations over this time period. With each new program change it has meant different rules, different incentive values and yes, another kWh meter. Therefore is it not reasonable to give the SREC program, now in phase 2, just implemented this April, a chance to continue for two years before adopting yet another new and this time untested incentive program, with yet more different rules, new different incentive values, and even more separate kWh meters to keep track of?

At the very minimum we strongly suggest that any implementation of new regulations, fees, and incentives, other than removing Net Meter caps, be suspended for a minimum of two years for study and clarification to allow for corrections and clarifications. The bill as written is obviously rushed, incomplete and very vague on issues having important impact on the future of solar development and utility oversight. Given this, we ask you consider our 5 amendment proposals as reasonably maintaining and protecting the exemplary and enviable progress Massachusetts has made in developing solar energy throughout our state.

Sincerely,

Christopher Smith, Secretary, www.MASOA.org
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cc: Representative Stephen Kulik, Vice Chair