

SMART Program Frequently Asked Questions

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These Frequently Asked Questions (FAQs) are grouped into the following categories:

- A. Dates / Timing / Application
- B. SREC II / Prior Solar Programs
- C. Documentation / Requirements
- D. Incentive Calculation and Compensation
- E. Adders / Subtractor
- F. Community Solar
- G. Energy Storage
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Section A: Dates / Timing / Application Questions

1. Question: What are the dates when applicants may begin to submit project applications for Block 1?

A: The SMART Program is not currently accepting applications. The date when the SMART Program will open has not yet been finalized because there is an open proceeding with the Massachusetts Department of Public Utilities (MA DPU) regarding the SMART Program tariff.

Once the MA DPU finalizes the tariff, the program launch date will be announced. (It is currently expected that this will be later this year, perhaps in the summer of 2018). At the time of the program launch date announcement, we will also publish a final list of application submission requirements so that potential applicants will have sufficient time to collect and prepare the required materials ahead of the program application submission window opening.

2. Question: When will Block 1 close and the program base incentive levels transition to Block 2?

A. Scheduled reductions in the MA SMART program incentive rates are based on cumulative capacity of applications, not based on elapsed time. Within each EDC's program allocations, Blocks will close and incentive rates will decline only when prior Block capacity allocations have been filled.

Please note that there are 5 utility areas/territories within the MA SMART program, and that each Block allocation will fill independently, based on applications specifically within that territory. As each EDC's blocks are filled, the program will immediately start accepting applications for the subsequent block for that utility. The timing of each of these transitions will vary by utility and will be dependent upon the volume of applications received and how quickly each EDC's Blocks fill. Also note that each Block has a minimum of 20% of the Block capacity carved-out, or set aside, for small systems $\leq 25\text{kW}$, and a maximum of 35% of each Block allowed for the small systems. As such, the small system portion of each Block will fill independently of the large system portion, and this will also vary by EDC territory.

3. Question: It is my understanding that SRECs are ended March 31st. What is happening in between the SRECs program ending and when the SMART Program will be rolled out?

A: To clarify, SREC II will end when the SMART program begins, without any gap between the two programs. Until that time, systems may continue to apply for SREC II participation and compensation.

SREC Factors for eligible projects over 25kW declined for those that were not mechanically complete by March 31, 2018 as shown in the table below:

| Market Sector | Mechanically Complete by 3/31/2018 | Mechanically Complete After 3/31/2018 |
|-----------------|------------------------------------|---------------------------------------|
| A (<= 25 kW DC) | 0.8 | |
| A (> 25 kW DC) | 0.7 | 0.65 |
| B | 0.6 | 0.55 |
| C | 0.55 | 0.5 |
| Managed Growth | 0.5 | 0.45 |

4. Question: When the SMART program opens again, will it be another competitive RFP or will applications be evaluated on a first-come, first-served basis? If first-come, first-served, do we have to be ready at midnight the day the program opens to get our application in?

A: We currently anticipate that the Block 1 application portal will open for applications during the East Coast morning business hours of the official program launch date, so applicants will not need to start at midnight. Throughout the program, all applications will be evaluated on a first-come, first-served basis, except for the first five business days (“Week One”), when applications will be processed differently. On Week One of the opening of Block 1, we will not sort applications based on time of submission - every applicant who submits a complete and eligible application on Week One will be considered to have submitted their application at the same time.

Applications for systems larger than 25kW received during the first five business days will then be ordered based on the execution date of the fully executed ISA submitted with the application. Applications for systems 25kW or smaller received on the first five business days will be ordered based on the date of execution of the installer contract that will need to be submitted with the SMART application. Both queues will be established based on this sorting.

On “Week Two” and beyond, every application will be date and time stamped and will be reviewed based on, and in order of, time and date of submission.

5. Question: Will the portal for the SQ from SREC II be used when applying for SMART?

A: No. The link to the application portal for SMART can be found at www.masmartsolar.com . Please note that this portal will be not be live and ready to accept applications until the official program launch date. Also note that each utility will have a unique entry portal to the application.

6. Question: As I understand it, systems greater than 1MW are not eligible to apply for Block 1 of the SMART Program, but rather must wait for Block 2. However, can we submit applications now for Block 2 in the portal? Or must we wait until Block 1 is completely closed first?

A: Systems equal to or greater than 1MW are eligible to receive Block 1 incentive compensation only if they are seeking an Adder. Systems equal to or greater than 1MW that are not seeking an Adder were expected to apply during the competitive RFP process of Block 1. Therefore, systems of this size without any adders will only be eligible for Block 2 and beyond. As noted, we will not approve applications for Block 2 incentive levels within a particular EDC territory until the applicable Block 1 for that territory is filled. If any 1 MW – 5 MW projects without adders are received before the applicable Block 1 is filled, the SPA reserves the option to either reject those applications and return them to the Applicant, or to put them in a holding queue. If any specific Block 1 fills on “Week One” of the program opening, such queued applications will be included in the “Week One” Block 2 filling and ordering process.

7. Question: After a project has been accepted by the SMART Program, how long does that project have to become operational? Is there a reservation period?

A: The Reservation Period is 12 months after the Statement of Qualifications has been issued. The project must be completed within that timeframe, or apply for an extension and pay an additional fee, or the Reservation will be cancelled.

8. Question: In the Block 1 competitive RFP, projects that were selected but withdrew their application are not eligible to reapply under a capacity Block until 800 MW of other STGU have received a statement of qualification. Does that apply to projects that are accepted into capacity blocks going forward?

A: No, this potential restriction would only apply to projects that were selected during the Block 1 competitive solicitation but subsequently withdraw their applications.

9. Question: The November 2017 Block 1 competitive RFP was requesting proposals for 100 MW of solar but less than this capacity was awarded. Does that mean that bids can be submitted for the remaining capacity at any time or at a specific time?

A: On January 11, 2018, 53.273 MW was awarded from the Block 1 competitive RFP. The remaining unawarded capacity that was available during the RFP process remains within Block 1 and will be available on a first come-first served basis when Block 1 re-opens later in 2018.

10. Question: Does a SMART Applicant have to be a Massachusetts based company?

A: No, the Applicant and/or System Owner do not have to be based in Massachusetts. However, the host site does have to be in MA and interconnected to one of the eligible EDC’s distribution system.

11. Question: Does the project have to be in Massachusetts or can it be located anywhere in ISO NE?

A: Yes, the host site must be in MA and interconnected to one of the eligible EDC’s distribution system.

12. Question: If the Blocks fill quickly, will they still decrease by 4%? It was my understanding that the Blocks were to be released year-by-year and the 4% was supposed to reflect the annual decrease in the cost of solar.

A: The SMART Program blocks are not limited to any specific time. The declining block model is designed to lower the overall cost to the ratepayers over time. The reductions are not intended to align with any market forces such as the costs of materials, federal policies, inflation, etc. Per 225 CMR 20.07 (5), the DOER will review Base Compensation Rates and Adders once 400MW have been qualified for the program, but the program will not pause during the review time, and blocks will continue to fill as applications are submitted.

13. Question: Are projects that are in construction right now with signed ISAs that are not part of SREC II eligible for the SMART Program? Is it possible to switch these to the SMART program? What is the process for getting such existing projects into the SMART Program?

A: Yes, projects with executed, valid and in-force ISA's as of the time of their application, and which are not participating in SREC II, and which were completed on or after January 1, 2018, are eligible for the SMART program. These projects will need to apply for SMART incentives through the same process as any other eligible project once the MA SMART tariff is finalized and that application portal becomes available. Projects larger than 25kW must have a fully executed ISA to apply for and receive a capacity block reservation under the SMART program. Applicants must also have site control and be in possession of all non-ministerial permits.

14. Question: What happens at the end of the 10 and 20 year payment periods?

A: The SMART Program incentive payments will end after 10 years for systems 25 kW and smaller, or after 20 years for systems larger than 25 kW. The systems will no longer have any SMART Program obligations or direct program benefits after their term has been completed. The ownership rights to the Class I RECs will revert to the system owner following the end of the tariff term, and at that time the owner may sell the RECs on their own.

Section B: SREC II / Prior Solar Program Questions

1. Question: Can current projects that are interconnected, generating power and net metering but not in the SREC program, still apply for the SMART Program? Similarly, can a PV project be built now (before the SMART Program opens) and apply for the SMART Program incentive later?

A: All systems interconnected on or after January 1, 2018 in Eversource, National Grid, or Unitil service territory are eligible to apply for SMART Program incentives, so long as they comply with the program terms and conditions and are not already enrolled in an SREC program.

2. Question: If I have a system that is currently qualified under an older incentive program (SREC I, SREC II, Commonwealth Solar), can I expand on that system and qualify it under the SMART program?

A: Projects installed on the same parcel as an existing system that receives incentives are eligible to apply to the SMART program. However, the new SMART system must be separately metered from the originally installed system.

3. Question: Are projects under construction in the SREC II program with existing ISAs able to switch to the SMART program if they cannot be finished by the deadline? If yes, what is the process?

A: A project that is currently qualified under SREC II but is not operational may apply to the SMART program providing that all minimum eligibility requirements are met. A project that is qualified but not operational under SREC II that wishes to switch to SMART must do the following:

- Notify DOER of the removal of SREC II eligibility
- Submit a SMART application

4. Question: If a project is registered in the SREC program, does anything need to be formally waived to switch it to SMART?

A: Please see the answer to Question B.3. (above). A project that is currently qualified under SREC II but is not yet operational may apply to the SMART program providing that all of the SMART Program minimum eligibility requirements are met. Please note that these applications / program conversions will not be automatic. Every system wishing to participate in the SMART Program must submit a SMART Program application, and the project evaluation and assignment of capacity block reservations will be handled according to the SMART Program rules – typically on a first-come, first-served basis.

Upon the close of the SREC II Program, DOER will reject all applications that are not operational or have received an extension to their qualifications. However, if a project is still qualified for SREC II at the close of that program, but is not yet operational, the authorized representative must formally revoke the project from its SREC II status if they are planning on submitting the same project to SMART.

Any project that is currently qualified and operational under an existing incentive program, such as the SREC I or SREC II program, is not eligible to apply for SMART. If a system owner is interested in expanding upon an existing project, the expansion must be separately metered and submitted to the SMART Program as a new Solar Tariff Generation Unit.

5. Question: Are system expansions of projects from earlier programs eligible in SMART? For example, if a developer wants to add a 250 kW AC expansion to an existing 100 kW rooftop system that was installed under the Commonwealth Solar Incentive program, would that be allowed as a SMART facility? The existing system is configured as a behind the meter, net metering facility, so we are currently considering reconfiguring the existing system, and combining both systems behind a single (new) net meter. While we would receive net metering credits for the combined system, only the new system (250 kW AC) would apply under SMART. Would this be allowed? If so, how would DOER/SPA confirm the Base Rate for the SMART portion of the project? In other words, how would the SPA verify that the SMART portion is at or below 250 kW, not above?

A: As long as all the requirements of the SMART Program are satisfied, and that sufficient net metering cap space exists in the relevant EDC service territory, such an expansion would be eligible under SMART. However, two separate production meters would be required - one for the new SMART system, and one for the existing system. This would need to be clarified and approved by the applicable utility and clearly stated in the new ISA.

Section C: Documentation / Requirements Questions

1. Question: The SMART regulations 225 CMR 20.06 specify a Customer Disclosure Form for community solar. When will projects applying for the Community Solar Adder need this documentation in place for the off-taker customers? The regulations also state that prospective STGUs with a capacity of 25 kW or less must submit a copy of a Customer Disclosure Form signed by the Owner as part of its Statement of Qualification Application. Has this form been created yet and where can we get a copy?

A: DOER has released three draft customer disclosure forms for public comment. You can find the forms [here](#) . The customer disclosure form will provide consumer information including, but not limited to, contract pricing for the length of the agreement, complete system cost information, operation and maintenance responsibilities, disposition of associated RECs and tariff terms, and anticipated production. The signed Customer Disclosure Forms will need to be in executed and submitted to the SPA by the time the project is completed.

2. Question: What are the necessary qualifications that a Solar Tariff Generation Unit (“STGU”) owner must meet?

A: The SMART Program will develop an applicants’ checklist of required documents and will post this information on the MA SMART website prior to opening for new applications. Qualifications and documentation requirements will vary depending upon the size of the STGU applying for the incentive.

For systems less than or equal to 25kW, the following documents (per 225 CMR 20.06) will be required:

1. Copy of an executed contract between the installer and the customer
2. Customer Disclosure form(s)
3. Copy of customer electric utility bill where system is to be interconnected
4. Signed acknowledgement and certification form (generated and signed electronically online)
5. Copy of the executed PPA/ Lease if the system is third party owned
6. If seeking the low-income base compensation rate, documentation that the customer is on the low income residential utility rate. This can be met via the copy of the electric bill.
7. If seeking the Energy Storage Adder, equipment specifications and documentation.

For systems over 25kW, the documents referenced above, as applicable, and the following:

1. Copy of a fully executed, valid and in-force Interconnection Services Agreement (ISA)
2. Evidence of site control and/or permission to build from the site/property owner
3. All non-ministerial permits that may be applicable. Depending on the project type, these may include Zoning Board of Appeals rulings, Conservation Commission approvals, Landfill post closure permits, Brownfield certifications, or permits from state agencies such as MA DEP, MA Dept. of Fish & Wildlife, MA Dept. of Agriculture, etc. This does NOT include ministerial permits such as building permits, electrical permits, traffic control permits, etc.
4. An STGU seeking an Adder may also be required to provide additional documentation demonstrating their qualification for the requested Adder.

5. Projects 1 MW or larger must demonstrate compliance with federal PURPA & FERC QF rules.
6. Ground mounted projects 500 kW and larger must provide land use documentation including performance standards compliance from a Professional Engineer, local zoning regulations for large ground mounted PV systems, or support for prior development claims.

To be fully enrolled in the tariff and be eligible to receive the incentives, all systems must provide evidence of authorization to interconnect. For systems larger than 25 kW, this is required at the time of application; for smaller systems of 25 kW or less, this will be required at the project completion.

Finally, additional documentation may be required to claim the incentive at project completion, if applicable. This may include Schedule Z, Payment Credit Transfer Form, Renewable Energy Certificate Assignment and Aggregation Form, Customer Disclosure Forms, W-9, or ACH/EFT payment information.

3. Question: For budgeting purposes, can you provide details on any application fees (upon submission of application) and developer's security deposits (upon PPA execution).

A: When Block 1 re-opens later this year, an application fee will be required to submit an application. The fee will be payable via credit card through the application portal. The fee structure has not yet been finalized, but we expect it to be a nominal fee as compared to other project costs. There will not be a performance guarantee or security deposit required for the regular SMART Program; that was only required for the competitive RFP process which was completed in January 2018.

4. Question: Does the SMART incentive apply for sites served by a municipal utility? If so, what is the base incentive rate?

A: Projects interconnected to municipally owned utility/light department service territories are not eligible to participate in the SMART Program. Following the close of the SREC II Program, projects interconnected to municipal utility service territories may apply to the DOER for Class I Qualification. All interested projects should contact DOER for this process.

5. Question: Will the Solar Land Use rules only apply to projects that are located in parcels with more than ten (10) contiguous acres of Chapter 61 land or former Chapter 61 land?

A: There is no minimum size or number of acres for these provisions to apply. A straw proposal document from the development phase of SMART may have referenced 10 acres, but that document is outdated and not relevant to the final regulations. Applicants should refer to 225 CMR 20.00 which are the final approved regulations for the SMART Program.

6. Question: How will projects in the SMART program that are multi-family units work in terms of the Schedule Z allocations? Is using a Schedule Z still an option under SMART and if so, how will virtual net metering work under SMART?

A: Net metering rules and regulations are not changed or been impacted by SMART. All projects utilizing virtual net metering must continue to comply with those rules.

7. Question: Do projects above 1 MW need a certification of Qualifying Facility (QF) from FERC, in addition to an Statement of Qualification Application (SQA) for RPS Class I RECs in MA??

A: As part of the application for the SQ, projects larger than 1 MW must document that they have requested to the Federal Energy Regulatory Commission (FERC) for certification of the proposed STGU as a QF, pursuant to 18 C.F.R. § 292.207. For QF systems less than or equal to 1 MW, they are only required to provide proof that self-certification of QF status was submitted and/or received by FERC.

8. Question: Regarding the contiguous parcels clause, if there are properties that are separated in a way that do not touch or share a common boundary, that are separated by one property, have separate interconnections, and in a legal sense are non-contiguous, how would these be viewed in the tariff? As one unit or separate units? Does it matter if all such parcels are owned by the same owner?

A: Please refer to the SMART regulations 225 CMR 20.05 (5) [(f) & (g)]. If all the requirements stated in the regulations are met, it is possible that these could be considered separate units.

9. Question: Regarding the regulations and requirements for multiple projects owned by the same company, is there a requirement for minimum distance between 2 separate projects or any other restrictions in this regard?

A: Please refer to the SMART regulations 225 CMR 20.05 (5) [(f) & (g)]. These are the sections titled Project Segmentation. There are no restrictions for a company to own multiple projects providing that they do not violate the Project Segmentation rules.

10. Question: If a solar project that would be located on a building in a town that is served by a municipal light department, but which receives electric service/meter from one of the eligible utilities (Eversource, National Grid, or Unitil), would the PV project be eligible for SMART?

A: Yes, if this can be confirmed via a copy of a utility bill and authorization to interconnect from the applicable eligible utility.

Section D: Incentive Calculation and Compensation Questions

1. Question: Based on 225 CMR 20.00 - Section 20.08, the Solar Incentive Payment is the (Base Compensation Rate + Compensation Rate Adders - Greenfield Subtractors) *kWh generated - value of the energy generated. I have two questions:

- Why is the value of the energy generated being taken off the solar incentive payment?
- Will the utility pay us separately for the value of the energy?

A: In the case of behind the meter systems, this energy value is derived from the avoided cost savings accrued by systems interconnected behind the meter. That is, behind the meter systems will serve on-site load first (and be compensated for this production in the form of avoided costs of energy they would otherwise have purchased from their EDC), before any export generation is sent back to the grid and compensated. This value of energy is removed from the SMART incentive calculation to avoid 'double compensating' system owners for the energy they produce. The SMART incentive is intended

solely to provide incremental compensation to system owners for their STGU's production. Whether through qualifying facility tariffs or net metering provisions, mechanisms already exist to compensate STGU owners for the value of the energy their systems produce and including these values in the SMART incentive would result in STGU owners being compensated twice for the same energy.

Regarding the second question, yes, standalone solar tariff generation units will receive value for the energy they produce, at the appropriate rate based on how the STGU is interconnected. This value will be conveyed either in the form of a direct payment if the system is interconnected as a Non-Net Metered Facility Qualifying Facility, or as a bill credit if the system is an Alternative Bill Credit Generation Unit or a Net Metered Generation Unit.

2. Question: I am trying to calculate incentive kWh values. I understand how to calculate the base rate and adders, but I'm not sure what to subtract to get the overall incentive.

A: This is defined in the SMART Program regulation (225 CMR 20.00). Specifically, please refer to section 20.08 regarding calculation of incentive payments. As defined in the regulations, the energy value netted out of each STGU's incentive value will depend on which type of STGU installed. In the case of standalone units, these value of energy variables will vary by EDC and by whether the standalone system is established as an Net Energy Metered system, an Alternative On-Bill Credit system, or a Qualifying Facility. Applicable values for each of these cases will be set by each EDC once the program is fully up and operating. Those values will vary by utility, rate class/code, and will change periodically over time - our current expectation is that these values will be updated annually.

In the case of behind-the-meter systems, the energy value netted out of the STGU's incentive level is a three-year average of basic service, plus the current charges for distribution, transmission, and transition based on the utility rate class of the meter the system is interconnected to. Finally, other variables related to calculating incentive payments that are dependent on the outcome of the DPU SMART Tariff proceeding – final decisions here are not expected for at least several months. We will post additional information on <http://masmartsolar.com> as it becomes available.

3. Question: How will consumers be compensated from the base compensation rates that resulted from the Block 1 competitive solicitation? Assuming there is excess production, will a check be cut from the utilities on a monthly or yearly basis or bill credit? What if they want to cash out?

A: There is an open proceeding with the MA DPU regarding the SMART Program tariff that will finalize this process. It is expected that the utilities will both make payments and provide bill credits, depending upon the nature of the compensation earned. Net metering values and QF energy payments will continue to be applied as under current mechanisms. Dependent upon the outcome of the SMART tariff, it is expected that MA SMART incentive payments will be made in the form of monthly payments from EDC's to system owners.

Please note that system owners may not be paid up-front for the expected value of any incentive payments. Incentive payments will be calculated over time based on measured system production and will be paid to system owners as earned.

4. Question: If a solar developer were to rent the roof of a commercial building and install a PV system, could that system be considered a standalone Solar Tariff Generation Unit?

A: If the Solar Tariff Generation Unit is not interconnected behind the utility meter of that building, but is interconnected in front of the meter, then yes, the incentives for this system could be calculated based on that STGU being a standalone system. This would need to be approved by the EDC and the building owner, and clearly demonstrated in the ISA and other application documents.

5. Question: How does compensation work for a commercial rooftop facility that is not net-metered (and doesn't get any alternative credits, either), and which does not have an off-taker for the energy. Under the SMART program, will the facility still receive the full compensation (base rate + adders)? And then there is no subtraction for value of energy received? Does the facility need to do anything to become a QF in this scenario? Are there any special processes to receive compensation as a non-net metered facility?

A: If a commercial rooftop is not interconnected behind the meter at the building, the system will be considered a standalone system, and the SMART incentive will be established at the base rate plus any applicable adders less the value of energy produced by the system. As a non-net-metered system, the system will need to interconnect pursuant to the relevant EDC's tariff for Qualifying Facilities (QF's), and will be compensated for exported energy at the tariff's QF rate. As noted in other questions regarding incentives, that energy value is then subtracted out from the SMART incentive rate (base + adders). The remaining value is what is paid to the generation unit owner by their EDC as the SMART incentive. Total system compensation would be based on both the value of the SMART incentive rate applied to all generated energy, plus the QF rate applied to all exported energy.

6. Question: How does net metering impact the value of solar calculation for behind the meter systems? Can behind the meter projects participate in both programs?

A: The Massachusetts Net Metering program is not changed by the implementation of the SMART program. Net Metering is regulated by the Department of Public Utilities. The value of energy calculated for behind the meter projects does not change. As a result, a behind the meter project may receive the SMART incentive and may also receive net metering credits. If a STGU is behind the meter, and is not able to receive net metering, then that system will receive wholesale rates, as a Qualifying Facility, for any net exported energy (i.e. system production above and beyond what is consumed on-site).

7. Question: How are behind the meter PPA's handled under the SMART program? If the two compensation methods utilized to disburse the incentive amount are net metering credits and on-bill credits, how does the program envision Third-Party Ownership? Would all incentives be paid out to the customer directly, or would there be the option for the Third-Party owner to receive these payments instead? Do the credits flow to the customer of record or the owner of the system? If the credits flow to the owner of the system is there still a value of energy adjustment?

A: All SMART incentives are paid to the STGU Owner directly based on the fixed rate established at the STGU's qualification. The system owner may or may not be the same person or entity as the utility customer. In the case of third party ownership models, the incentive will be paid to the third-party owner, not to the utility customer. The incentive does not consider any amount set forth in a PPA – PPA terms are determined between the system owner and the customer of record. The value of energy calculation for that system will be set based on the three-year average of basic service and current

transmission, transition and distribution charges tied to the utility rate of the meter the system is tied to. Any other contracted PPA rate is not considered in the value of energy calculation for behind the meter systems.

8. Question: Where will information be available regarding the 3-year average delivery and service rates needed to determine the 'Value of Energy' to subtract from base rates for behind the meter systems to determine the 'all-in' MA SMART incentive level for these systems?

A: We are currently working with the EDC's on developing guidance for program participants on these values - they will be shared well ahead of the SMART Program launch date. Once available, they will be posted [HERE](#), and will be made accessible from the MA SMART application portal website, as well.

9. Question: Can you clarify the difference between behind the meter and standalone systems? Specifically, with the standalone system is the incentive rate established upon interconnection and locked in regardless of any future changes in the utility rate? Conversely, under the behind the meter system, does the incentive rate remain fixed?

A: Standalone STGUs will receive value for the energy they produce, at the appropriate rate based on the nature of the STGU. This value will be conveyed either in the form of a direct payment if the system is interconnected as a Non-Net Metered Facility Qualifying Facility, or as a bill credit if the system is an Alternative Bill Credit Generation Unit or a Net Metered Generation Unit.

Behind the meter systems receive a fixed incentive rate based on the one-time calculation at the time the solar tariff generation unit is qualified.

10. Question: What are the tax implications for the SMART program? Can it be assumed that only the incentive portion beyond the avoided rate would be taxable? For example, in a scenario with total compensation rate of \$0.17 and an avoided rate of \$0.15, would only \$0.02/kWh be subject to tax?

A: Neither DOER nor CLEAResult nor the EDC's can provide tax guidance - we advise all prospective program participants to consult qualified tax professionals with any questions related to the tax treatment of their STGU's or the compensation they expect to receive from the output of these systems.

11. Question: For a Behind-the-Meter STGU, can you confirm that the value of the energy subtracted does not include the supplier kWh charge? The Distribution, Transmission, Transition, and Basic Service are only on the utility side, correct? The following is from section 20.08 (2) from 225 CMR 20:

Behind-the-meter Solar Tariff Generation Unit Compensation Rate
= (Capacity Based Rate + Compensation Rate Adders
- Greenfield Subtractor)
- (distribution kWh charge
+ transmission kWh charge
+ transition kWh charge
+ three year average of basic service kWh charge)

A: The value of energy subtracted from the all-in compensation rate for behind the meter systems does not include supplier charges. The value is derived only from those charges stated in the regulation.

12. Question: Are customers that purchase retail power from a retail energy supplier eligible for the SMART Program? If so, how would the value of energy be calculated for a BTM asset? Would it be the sum of the utility delivery charges (distribution, transmission, and transition) and the commodity price in the retail power contract? Or would you still use the utility basic service charges?

A: Yes, customers of retail electric suppliers are eligible for SMART. For a retail competitive supply customer, the value of energy for a BTMs system would use the applicable basic service rate for the investor owned utility service territory where they are located and interconnected.

13. Question: Is there information available regarding the new rate structure for the SMART program, specifically how new program will payout the incentives. Are there examples of a post-SMART program utility bill, any information on how the incentives will payout, or information that would be easy to understand from a homeowner's perspective?

A: The rate structure is dependent upon the ongoing DPU SMART tariff proceedings. It is likely that the utilities will be making monthly payments to SMART program participants. User guides and manuals that are designed to be easy for homeowners and other program participants to understand will be developed after the tariff is finalized and the program is fully launched.

14. Question: Is there a cap on the size of Behind-The-Meter (BTM) solar projects? If the on-site load doesn't need all the energy produced, would the system owner receive a cash payment for the energy plus the SMART incentive?

A: The only cap that may apply to BTM systems is the limit of qualifying 5 MW AC per parcel under the SMART program. If a STGU has net energy exported to the grid, they will be compensated for the net export. The rate at which they are compensated will be either the net metering credit rate (if they are able to obtain a net metering cap allocation), or they will be compensated at the rate subject to that utility's Qualifying Facility (QF) rate. QF rates are based on ISO-NE clearing prices and fluctuate based on either monthly averages for ≤ 60 kW systems without interval metering in place or based on the hourly Locational Marginal Prices (LMPs) for larger systems with interval metering.

Section E: Adders / Subtractor Questions

1. Question: Can a standalone STGU be paired with storage systems and qualify for the energy storage adder?

A: Yes, however they must both be interconnected to the utility via the same point of common coupling. Please refer to the DRAFT energy storage guideline: [DOER draft guideline](#)

2. Question: How does the billing work and how is the storage adder applied to a project? How does this impact the project economics?

A: The Storage Adder rate is calculated using the formula presented in the Energy Storage Guideline. The rate is added to the base compensation rate for the solar tariff generation unit.

3. Question: Regarding the greenfield Subtractor, the definition for “previously developed” was provided in the latest version of the SMART regulations published on 8/11/17: “For the purposes of 225 CMR 20.05(5)(e), previously developed shall mean having pre-existing paving, construction, or altered landscapes, and does not include altered landscapes resulting from current agricultural use, forestry, or use as preserved natural area.” Based on this definition, it’s unclear why a project on a site with a house, driveway, established landscaping, a well, and other alterations to the landscape would not qualify as previously developed Category 1, non-agricultural. Please explain and let us know how if there is a process to request reconsideration of these types of decisions.

A: The final determination of the Land Use category is made by DOER. The intent of the regulation is to provide a smaller incentive to projects that are proposed to be built on open, or greenfield, space. Acreage that is large enough for MW scale systems, but which only has one house is predominately open space. The intent of the previous development designation is for sites such as sand and gravel pits, former industrial sites, parking lots, or similar sites which were extensively developed in the past and have significantly altered landscapes. Lawns, pathways, and wells associated with a single house on a large property in and of themselves do not qualify as previously developed. You can request a reconsideration of the Land Use Category for the project by reaching out to the MA DOER at DOER.SMART@state.ma.us

4. Question: Are there any impacts on the SMART tariff if trees are cut? If there is an impact if trees are cut, can you define whether the trees need to be fully removed/stumped by the landowner prior to engaging in solar development for a property. Specifically, would removing all the lumber for a logging business create newly developed land that would not be subject to the greenfield subtractor? Also, would a subtractor be applied to a project if any of the following occurred?:

- Trimming trees to reduce shade impact on the solar array
- Cutting tree at the stump
- Removing tree and stump

Does it matter if the property is or is not commercially zoned property? Finally, what can classify as good cause? Does logging for agriculture use/development of dual use grazing land classify as good cause?

A: Refer to 225 CMR 20.00 Solar Massachusetts Renewable Target Program regulations. These are the regulations that define the program. Section 20.05 (5) (e) Land Use and Siting Criteria, has the information pertinent to these questions. Note that logging operations do not qualify as “previously developed” regardless of when the logging occurs. Sites that are classified as Category 2 or Category 3 will be subject to the greenfield Subtractor. Commercial zoning is the primary differentiator between Category 2 (commercially zoned; not previously developed) and Category 3 (everything that is not Category 1 or 2). There are different greenfield Subtractor rates for Category 2 and 3. As far as stumps, etc. are concerned, all projects must receive permits and approvals from all the applicable agencies. In most cases for these large projects, that includes permits indicating compliance with MA Dept. of Environmental Protection and/or Wetlands Protection Act, as well as from the local Conservation Commission. To obtain such permits, what is typically required are site plans from professional civil engineers that define site development plans including access roads, drainage plans with storm water collection basins, silt fencing, stump removal, replanting with suitable grasses or other groundcovers, safety fencing and signage on the completed project, etc. However, we suggest that you start with the local Conservation Commission to see what they may require or recommend.

5. Question: If we build a canopy-like structure for an organization over an area that doesn't qualify for canopy adder (not parking, pedestrian, or canal), can we qualify it for the building adder since it will serve as a roof for the activities under it? To qualify it as a building, would it need to have a waterproof surface and walls?

A: What you describe does not sound like it would qualify as a building and therefore would not qualify for the Adder. Rather, this sounds like an elaborate mounting system or canopy but one which is in an area not eligible for the canopy adder.

6. Question: Do you have any specific criteria to define areas that will qualify as pedestrian walkways that would qualify for the canopy adder? Would sites that have outdoor vendor events such as farmers markets or flea markets that are interested in a canopy structure over the area qualify as walkways?

A: Please refer to the definition of Canopy Solar Tariff Generation Unit in the 225 CMR 20.00 regulations; specifically, section 20.02. Pedestrian walkways must be regularly utilized by pedestrian traffic. Any application for the Canopy adder that does not clearly meet the intent of the regulations may need to be reviewed and pre-approved by DOER on a case by case basis.

7. Question: In the case of a canopy over a canal, can the solar canopy only cover the water? There are areas that are considered canals, but which do not have running water. Would those areas still qualify?

A: For questions on canal sites that include areas without water, please refer them to the SPA and the DOER on a case by case basis.

8. Question: We have a project where we plan to construct a canopy above a tree nursery where the solar system will provide shading for the plants beneath it. Would this be eligible for the canopy adder?

A: No. See the Definitions in 225 CMR 20.02.

9. Question: Does a canopy have to be over a parking lot to qualify? We have several organizations that are interested in having a canopy installed on their property, where activities other than car parking will take place such as: storage, equine riding, town fair activities like tractor pulls, etc.

A: The sites described do not qualify for the canopy adder. Please refer to the definition of Canopy Solar Tariff Generation Unit in the 225 CMR 20.00 regulations; specifically, section 20.02.

10. Question: If a solar PV system is sited on a closed landfill and the landfill land is owned by the municipality, and that project is selected in a SMART program block, is that project eligible for the landfill adder and public entity adder? Or is the public entity adder only if the municipality will be the off taker of the power?

A: As per 225 CMR 20.02, a Public Entity STGU must be owned or operated by the municipality or government entity, or the owner must assign 100% of the output of the system to the municipality or government entity to qualify for that adder.

11. Question: If a large solar PV project is developed on a parking lot and the site is located on a capped landfill, can the canopy and landfill locational adders be combined for this project?

A: No. Only one adder from each adder category may be used for any given project. You can combine adders from different categories such as Location Based + Off-Taker Based, but not two or more within the same category on the same project.

12. Question: Does each location-based adder have its own independent 80 MW tranche? Or do all of the adders move collectively from tranche to tranche?

A: Yes, each Adder has its own 80 MW tranche and they will fill and move independently.

13. Question: If a potential project with a municipal landfill contains different solar arrays that each fulfill a different location-based adder, how would this be treated in the SMART Program? One portion of the project is on the landfill itself (landfill adder), another portion of the project is on a municipal building (rooftop adder) on the same parcel, and the third portion of the project would be solar carport on an adjacent parking lot, also on the same parcel (canopy adder). It is understood that each array can only use one location-based adder, but for a project like this, different portions satisfy different adders independently, what is the protocol? Would we apply a weighted average based on the portions that of the project that independently qualify for different adders?

A: This may qualify for an exemption from the Project Segmentation Rules. If so and approved this could be submitted as three separate applications for the site. See section 20.05 (5)(g)(2) on page 8 of the SMART program regulations for more details. To apply for an exemption from the Project Segmentation Rules, contact DOER at DOER.SMART@state.ma.us.

Section F: Community Solar Questions

1. Question: Regarding institutional subscribers to community solar projects, under the Alternative On-Bill Credit (AOBC) system, if the anchor off-taker is currently in a 3rd party energy supply contract but still receives delivery from the distribution company in which the project is interconnected, can they use the on-bill credits? If so, does the credit get applied to their payment to the third-party supplier or just the delivery charges (T&D) from the utility? Does this depend upon whether the customer has a 3rd party supply contract with combined billing versus if the 3rd party supplier bills the customer separately?

A: It depends on the type of billing a customer utilizes with a retail supplier. If the allocatee customer's supplier is using complete billing with Eversource the credits that are allocated are shared with the supplier portion of the bill. If the allocatee's supplier opted for pass through billing the Company would only be able to apply credits to the distribution portion of the bill.

Section G: Energy Storage Questions

1. Question: For the Energy Storage Adder, the requirements are that the batteries need to cycle at least 52 times per year. Does the system owner handle the cycling of the battery? If not, who is controlling the storage system? Can the storage be controlled and used by the system owner to provide any additional grid services beyond the SMART Requirements? Or will it be controlled, or owned, by the utility?

A: These questions are still subject to a determination in the SMART Tariff ruling at the DPU.

2. Question: Is Net-Energy Metering from battery storage in allowed in MA with the SMART Program?

A: The question of net metering with battery storage is currently being determined in the DPU docket 17-146. The determination by the DPU in that docket will dictate eligibility in MA.

3. Question: Since the Energy Storage Adder is based on the kWh production, is this based on the total or gross PV production? For example, if a 1MW solar array produces 1,200,000 kWh (AC) per year, and it is coupled with a 548kW/1096 kWh battery that results in net production after battery cycling losses of 1,100,000 kWh, does the system earn incentives based on the total/gross production or the net production? Also, is the Adder applied to the entire amount or only to the battery discharge amounts?

A: The energy storage adder is applied to the total PV production, in addition to whatever base compensation rate the PV portion is eligible for.

4. Question: For a project that was awarded through the Block 1 competitive RFP, is it possible to add energy storage to take advantage of the Energy Storage Adder (even though the award was just for base compensation solar)? If so what is the process and timelines?

A: No, the Block 1 competitive RFP was explicitly for projects not seeking adders. A project granted an award in the Block 1 Competitive RFP may not qualify for any adders under SMART.

5. Question: Once SMART opens and begins issuing Statements of Qualification, is it possible to add energy storage later in the process? If so what needs to be done and does this change their qualification or place in the queue or block?

A: If this is decided during the Reservation Period, the Applicant can submit a new application for the Energy Storage via the online application portal. This will require another application fee, plus all the applicable forms and documentation of the SMART program. If the PV system size, schedule, and other characteristics are not changing, that project will not lose its place in the assigned Block. The Energy Storage however will be assigned a value from the available tranche at the time of the storage application.

6. Question: Is it possible to add energy storage to existing solar projects from SREC II or earlier and apply for the energy storage adder through SMART?

A: No, the Energy Storage Adder is only available when combined with SMART solar projects.

Section H: Miscellaneous Questions

1. Question: How do I find the service territory separating NSTAR and WMECO (both Eversource)?

A: MassGIS provides a map of electric distribution service territories at the following location:
<http://www.mass.gov/anf/docs/itd/services/massgis/electricity2015.pdf>

2. Question: Are there any webinars or meetings set up anytime soon that we can attend?

A: As we get closer to the program launch date we expect to hold seminars and/or webinars. As these sessions are planned and developed, they will be announced on the SMART Program website at
<http://masmartsolar.com>

3. Question: How does one sign up to receive DOER email updates related to RFP's and general program information issued by DOER? Put another way, where is the sign-up for DOER's mailing list?

A: Sign up through this link <https://signup.e2ma.net/signup/1374704/1356542/?v=a> to get on the DOER email list. You should request to be on the "Solar PV contact list".

4. Question: Is it possible to be an owner of a system for this program if you have no prior experience with solar? If a building owner wants to have complete ownership of a PV system and participate in the SMART program, could they do so?

A: There are no restrictions on who owns the PV system. That said, the SMART Program is designed for experienced, highly qualified solar developers. It is highly recommended that an owner with little or no solar experience hire or partner with an experienced, highly qualified solar developer.

5. Question: Would DOER consider granting a good cause extension for legal issues that prevent an STGU awarded under the SMART Procurement from meeting the 12-month construction deadline? For example, if the project was appealed by abutters after submission of the project application to the SMART Program, would that qualify as a good cause for an extension?

A: The 12-month construction deadline 'clock' doesn't start until the Statement of Qualifications is issued and/or the official SMART Program Effective Date, whichever comes later. Once the clock starts, awarded bidders may request an extension if there is such a legal challenge ongoing that may delay the project. By that point, we will have a fully established SQA Application Guideline outlining appropriate cause for extensions. The situation described above would appear to meet the legal requirements for such an extension, but DOER can't officially make a determination and/or extend such an extension until the deadline is established and, an awarded bidder makes a formal extension request.

6. Question: Do you have a list of everyone/all projects who bid in the initial solicitation?

A: The submissions to the Block 1 competitive RFP were confidential. However, the selected bidders have been publicly announced. That information is available at www.masmartsolar.com.

7. Question: What is the procedure for minor changes in DC capacity after a Statement of Qualifications has been issued? Often module availability is different at the construction phase than what was planned during the design phase.

A: Minor or de minimis changes to the DC capacity are allowed as long as the AC output does not increase beyond what was approved for the Statement of Qualifications. A change that would increase the AC output would disqualify the project from the SMART Program and/or would require withdrawal and re-application for the new, larger system size. Reductions in AC size and/or minor changes in the DC capacity of the panels can be recorded in the PowerClerk system upon project completion.

8. Question: Are there any warranty requirements under the SMART Program such as workmanship, inverter and/or PV panel minimum warranties that must be given to customers from their contractor, installer, or developer?

A: There are no warranty requirements to qualify for SMART. However, on the Customer Disclosure forms for third party and direct owned small systems, it is required that the customer be informed of the contact for ongoing system maintenance.

9. Question: Are there any prevailing wage or labor rate requirements for projects awarded an incentive under the SMART program?

A: The SMART Program does not have any such specific requirements. However, if the Applicant or Host site is subject to such requirements, participation in the SMART Program does not necessarily waive or remove those requirements.