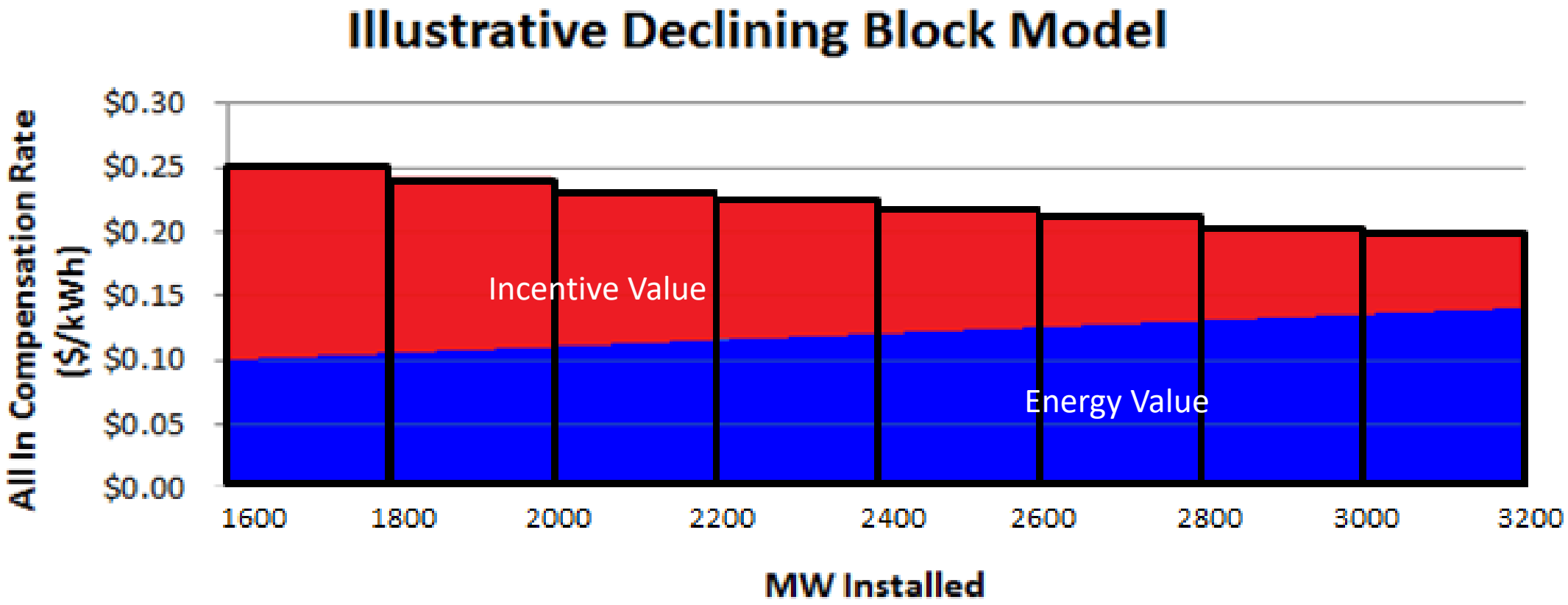
Overview SMART Program Mechanics

From SREC II to SMART: Evolving Solar Incentive Design

- Solar Renewable Energy Credits (SRECs) are a commodity with values that move with market conditions
- A portion of the SREC costs pay for 3rd party financing
- SREC incentive costs difficult to predict…so officials explored new design
- Incentives should be more predictable
- Incentives should decline with the declining cost of solar

SMART – Program Highlights

- 1,600 MW declining block incentive program
- Base compensation rates set using an *initial procurement*
- Base compensation rates then indexed by project size
- Base compensation rates decline by set percentages in each block
- Includes additional incentives for certain projects (“adders”)
- Includes “subtractors” for certain projects based on siting criteria
- Includes option that would function similar to net metering, but would only be available to program participants (“alternative bill credit”)



Source: MA Department of Energy Resources (DOER)

Classifications for Project Size

Generation Unit Capacity	Base Compensation Rate Factor (% of Clearing Price)	Tariff Term Length
Low income less than or equal to 25kW	230%	10-year
Less than or equal to 25kW	200%	10-year
Greater than 25kW - 250kW	150%	20-year
Greater than 250kW - 500kW	125%	20-year
Greater than 500kW - 1,000kW	110%	20-year

Source: MA DOER

Adders for Certain Projects

Location Based Adders	
Type	**Adder Value ($/kWh)**
Building Mounted	$0.02
Floating Solar (NEW)	$0.03
Brownfield	$0.03
Landfill	$0.04
Solar Canopy	$0.06
Agricultural	$0.06

Off-taker Based Adders	
Type	**Adder Value ($/kWh)**
Community Shared Solar	$0.05
Low Income	$0.03
Low Income Community Shared Solar	$0.06
Public Entity	$0.02

Policy Based Adders	
Type	Adder Value ($/kWh)
Storage + PV	Variable
Solar Tracking Adder	$0.01

Source: MA DOER

Subtractors for Certain Projects

Subtractors*	
Category	**Value of Subtractor**
Category I	No subtractor
Category II	$0.0005/kWh per acre
Category III	$0.001/kWh per acre

* Certain exceptions apply – square footage calculated on the acreage occupied by PV modules