



COALITION FOR
COMMUNITY
SOLAR
ACCESS



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Joint Committee on Telecommunications,
Energy and Utilities
Massachusetts State House
Boston, MA 02133

Senator Michael Barrett, Chair
Joint Committee on Telecommunications,
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Representative Tackey Chan
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Senator Cynthia Stone Creem
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Massachusetts State House
Boston, MA 02133

June 13, 2022

Chair Roy, Chair Barrett, and Members of the Conference Committee:

The Coalition for Community Solar Access (“CCSA”), the Solar Energy Business Association of New England (“SEBANE”), and Mass Solar write to you, as you begin to meet and discuss the final piece of legislation that will be recommended by this conference committee with policy changes that will further the Commonwealth’s goals of reducing carbon emissions and bolstering our clean energy economy. As the conference committee deliberates on the reconciliation of S.2842 An Act driving climate policy forward, and H.4524 An Act advancing offshore wind and clean energy, please consider the following pieces from each bill that will greatly benefit the solar industry in Massachusetts. These recommendations help all types of solar installations, including community solar, commercial scale, and residential projects. We strongly urge you to include these suggestions, including recommended technical edits, in the final bill released from the conference committee.

First, **we strongly urge you to retain the language in Section 18 of H.4524** establishing the Grid Modernization Advisory Council and requiring electric sector transformation plans to be developed by the electric distribution companies. Section 18 of H.4524 is critical to achieving the Commonwealth’s long term carbon reduction and climate goals, as it establishes the process for long term grid planning with significant stakeholder input. The ongoing transformation of the electric sector will continue apace with significant growth of distributed resources and widespread electrification, however, the existing electric grid infrastructure was built and planned for power to flow in one direction. The utilities have been working to upgrade the grid infrastructure in a piecemeal fashion in response to the growth of distributed energy resources over the past decade but we must implement a process that proactively plans for growth through integrated system planning with significant input from non-utility stakeholders and outside experts.

The retention of Section 18 of H.4524 is necessary for the transformation of our electric power sector that decarbonization demands. As you discuss this section, we offer these further changes to the language in H.4524 to streamline and strengthen the implementation of this section. We respectfully ask that you adopt these recommendations.

In addition to the recommendations for H.4524, **we also recommend retaining Sections 44, 45, 46, and 48 from S.2842**, with some technical changes. These sections, with the recommended changes, will help ease regulatory uncertainty and streamline the path for a variety of solar projects in the Commonwealth. Sections 44 and 45 help to close an inadvertent loophole created in the update to the net metering statute passed in the Climate Act of 2021. Section 46 similarly helps building mounted solar projects to be interconnected by codifying their ability to net meter without having to obtain a regulatory exception. Section 48 helps to clarify the implementation of the recent updates made by the Department of Energy Resources (DOER) to the SMART program, and can eliminate the current regulatory uncertainty surrounding eligibility for an incentive aimed at pollinators.

Finally, **we recommend retaining Section 25 from H.4524**, which addresses rate design for distribution system-connected energy storage systems, with one edit to change an “or” to an “and”. Energy storage will play an increasingly important role in our energy system as the grid decarbonizes. Standalone energy storage can provide a range of valuable services when connected to either the transmission or distribution systems. However, under current rules, distribution-connected batteries pay retail rates when they charge from the grid, but only earn wholesale prices when they sell energy back onto the grid. This is because charging load is incorrectly treated like traditional consumption, not as a sale for resale with flexible charging and discharging times. Applying retail rates to distribution-connected batteries is inappropriate, and cost-prohibitive to the development of new energy storage systems. Section 25 of H.4524 directs the utilities to create a rate structure that appropriately accounts for both the grid costs and benefits of batteries.

We appreciate the work that has been accomplished by both the House of Representatives and by the Senate in advancing important climate and clean energy policy. As you meet to consider the final bill to be advanced, please retain Section 18 in H 4524 and consider these language adjustments to that section to establish the necessary baseline to achieving all of the Commonwealth electrification and carbon reduction goals.

If you have any questions, please feel free to contact Kaitlin Kelly O’Neill at Kaitlin@communitysolaraccess.org or (203) 257-0203.

Sincerely yours,

/s/
Kaitlin Kelly O’Neill
CCSA

/s/
Mark Sylvia
SEBANE

/s/
Mark Sandeen
MassSolar

Explanation of Suggested Revisions

Suggested Revisions to H.4524

Section 17, line 496: *Change 10MW to 20MW.*

The definition of “distributed energy resources” should include all resources that may be interconnected to the electrical distribution system. Ten megawatts is an arbitrary cutoff; 20 MW, on the other hand, is a technical threshold above which facilities must follow different interconnection procedures. This change will not affect any existing state programs, which separately define the project size limit for participation, for example 5 MW in the SMART program. The change is simply intended to avoid creating any unintended consequences for facilities that may exceed 10 MW but would otherwise be considered distributed energy resources.

Section 18, line 507: *Insert a sentence directing the Department to consolidate planning processes.*

The electric sector transformation plans and Grid Modernization Advisory Council are proposed in Section 18 because the existing process for distribution system planning fails to sufficiently address renewable energy integration and provides woefully inadequate opportunities for stakeholder input. Currently, distribution system planning is addressed in several different DPU processes that, in addition to being inadequate, are not coordinated. Rather than add to this patchwork, we recommend consolidating existing processes that do not have their basis in statute into the new proposed electric sector transformation plans and process. This additional language directing the DPU to consolidate planning processes, along with the language already in Section 18 that aligns the schedule of electric sector transformation plans with utility rate cases, will lead to a much more streamlined and comprehensive approach to grid planning and investment.

Section 18, line 541-558: *Clarify the schedule for filing electric sector transformation plans to streamline with rate cases.*

Section 18 as written aligns the schedule for electric companies to file electric sector transformation plans with the schedule on which they file rate cases. However, given that rate cases typically only occur every five years, subsection (d) requires electric companies to file their first electric sector transformation plan right away. The proposed edits clarify that the initial plans may be filed and approved by the Department of Public Utilities (DPU) on a different schedule. Thereafter the filings will follow the rate case schedule. In addition, the proposed edits increase the time allotted for review of the plans by the Grid Modernization Advisory Council, in order to ensure that there is sufficient time for a substantive review and meaningful engagement with the electric companies.

Section 18, line 552: *Clarify the Department’s authority in reviewing electric sector transformation plans.*

The process establishing the review of the electric sector transformation plans is intended to ensure these plans are developed by the distribution companies with robust stakeholder input, to eventually receive approval by the Grid Modernization Advisory Council. However, these plans will have to be reviewed and approved by the DPU, in the same way that the DPU currently

reviews and approves energy efficiency plans. The language changes recommended in this line clarifies the DPU's role as originally intended.

Section 18, line 568: *Change 2 reports to one report per year.*

Two reports per year are not necessary for sufficient oversight by the department and would create an undue administrative burden on the electric companies.

Section 18, line 581-582: *Add a behind-the-meter distributed generation representative to the Council.*

The makeup of the Council contains seats for members of the renewable and distributed generation industry, but this change will create an additional seat for a representative of small residential and commercial scale renewable development, with expertise in behind-the-meter projects. The addition of this seat will help the Council review plans that will accommodate both the expansion behind-the-meter projects alongside projects that will send all of their power directly to the grid.

Section 18, line 597: *Insert "Approval of electric sector transformation plans shall require a two-thirds majority vote."*

This language was included in the version of H.4524 that was passed out of the TUE Committee. Restoring it is essential for ensuring that the Grid Modernization Advisory Council can have a substantive impact on the development of the electric sector transformation plans. Without it, the electric companies have no incentive or requirement to adjust the plans based on input from the Council. While the DPU has the ultimate authority to approve or reject the plans, establishing a vote to approve by the Council gives that body a much stronger voice in the process and increases the likelihood that there will be greater consensus around the plans by the time they are filed with the DPU.

Section 18, line 600: *Insert a mechanism for funding consultants to support the Grid Modernization Advisory Council.*

A version of this language was included in the version of H.4524 that was passed out of the TUE Committee. The bill allows the Council to retain expert consultants to support their review of the electric sector transformation plans, acknowledging that for such complex, technical material, professional support will be needed to enable a thorough review of the plans. Restoring language enabling funding for consultants to be included in the approved cost of the plans ensures that this is not an empty promise. Without identifying a specific funding source, the Department of Energy Resources will have no practical ability to fund consultants for the council. The amount of funding envisioned - not to exceed \$1 million - is a tiny fraction of the funds that will be required to implement the electric sector transformation plans, and therefore will not contribute meaningfully to the burden on ratepayers or any other source of funding for the plans.

Section 25, line 894: Change "or" to "and".

This section as written directs the utilities to file a tariff that specifically addresses distribution-connected energy storage systems either with the DPU or at the Federal Energy Regulatory Commission. However, this is not an either/or situation, as there are multiple issues requiring resolution, some of which are within the DPU's jurisdiction (such as energy costs for storage co-

located with solar in the SMART program and operational issues like ramp rate restrictions) and some that are within FERC's jurisdiction (such as a wholesale distribution tariff). In order to fully and fairly integrate energy storage systems into our distribution system, new tariff filings are needed at both the DPU and FERC.

Suggested Revisions to S.2842

Section 44-45 lines 471-482: *Replace Sections 44 and 45 with attached consolidated Section 44.*

In the proposed attached language, we have included a Section 44 that includes the intent of both Section 44 and 45 but in a simplified format. The attached Section 44 accomplishes two things: it resolves the under 25 kW exemption and it closes an inadvertent loophole by including Class I net metering facilities greater than 25 kW into the exemption created in the Climate Act of 2021. Section 44 amends the existing subsection (i) in section 139 to remove the limit of 10 kW on single phase lines, resulting in an exemption for facilities 25 kW or less regardless of interconnection to a single or three phase line. As more residential and small businesses seek to incorporate EV charging and transition to electrical solutions for thermal needs, the need for increased capacity of distributed generation grows and this change supports customers making these choices.

Section 46 lines 483- 498: Replace Section 46 with attached recommended updated language.

The proposed attached language provides further clarification to the existing language in Section 46, with updates to ensure that statutory definitions are consistent, as well as ensuring consistency with existing single parcel rule exemptions for building mounted systems qualified under the SMART program, and also allowing public net metering facilities to qualify for the proposed exemption up to 10MW, which is current existing allowed capacity for public net metering facilities. To facilitate the corrections and clarifications, the entire section is attached.

Section 48 line 518-526: *Correct the language requiring a pollinator adder.*

This section clarifies the ability of the DOER to provide an incentive for pollinators. The DOER updated the SMART program regulations in 225 CMR 20.00 to allow for an incentive, but the DPU did not allow the utilities to receive cost recovery for payments related to this adder, causing significant regulatory confusion. This section in the bill helps to solidify the DOER's ability to create this incentive, and this language corrects the statutory reference to implement this recommendation.

Appendix A

Revised Bill Language

Bold = New Text, ~~Strike-Out~~ = Deletions

SUGGESTED REVISIONS to H.4524 – An act advancing offshore wind and clean energy.

SECTION 17. Section 1 of chapter 164 of the General Laws, as appearing in the 2020 Official Edition, is hereby amended by inserting after the definition of “Department” the following definition:-

“Distributed energy resources”, small-scale power generation or storage technology including, but not limited to, resources that are in front of and behind the customer meter, electric storage resources, intermittent generation, distributed generation, demand response, energy efficiency, thermal storage, and electric vehicles and their supply equipment, not greater than **20** ~~10~~ megawatts, that may provide an alternative to, or an enhancement of, the traditional electric power system and shall be located on an electric utility’s distribution system, a subsystem of the utility’s distribution system or behind a customer meter.

SECTION 18. Said chapter 164 is hereby further amended by inserting after section 92A the following 2 sections:-

Section 92B. (a) The department shall direct each electric company to develop an electric-sector transformation plan to proactively upgrade the distribution and, where applicable, transmission systems to: (i) improve grid reliability and resiliency; (ii) enable increased, timely adoption of renewable energy and distributed energy resources; (iii) promote energy storage and electrification technologies necessary to decarbonize the environment and economy; and (iv) prepare for future climate-driven impacts on the transmission and distribution systems, thereby helping the commonwealth realize its statewide greenhouse gas emissions limits and sublimits under chapter 21N. **The Department shall direct the distribution companies to include as part of these plans any grid modernization or capital investment plans and proposals that were previously part of separate proceedings.**

(b) An electric-sector transformation plan developed pursuant to subsection (a) shall describe in detail each of the following elements: (i) improvements to the electric distribution system to increase reliability and strengthen system resiliency to address potential weather-related and disaster-related risks; (ii) the availability and suitability of new technologies including, but not limited to, smart inverters, advanced metering and telemetry, and energy storage technology for meeting forecasted reliability and resiliency needs, as applicable; (iii) patterns and forecasts of distributed energy resource adoption in the company’s territory and upgrades that would facilitate increased adoption of such technologies; (iv) improvements to the distribution system that will enable customer preferences for access to renewable energy resources; (v) improvements to the distribution system that will facilitate transportation or building electrification; (vi) improvements to the transmission or distribution system to facilitate achievement of the statewide greenhouse gas emissions limits under chapter 21N; (vii) opportunities to deploy energy storage technologies to improve renewable energy utilization and avoid curtailment; and (viii) alternatives to the proposed investments in the distribution and transmission systems including rate design, load management and other methods for reducing

demand. For all proposed investments and alternatives, each electric company shall identify customer benefits associated with the investments and alternatives including, but not limited to, safety, grid reliability and resiliency, facilitation of the electrification of buildings and transportation, integration of distributed energy resources, avoided renewable energy curtailment, reduced greenhouse gas emissions and air pollutants, and avoided land use impacts.

(c) In developing a plan pursuant to subsection (a), an electric company shall:

(i) prepare and use 3 planning horizons for electric demand, including a 5-year forecast, a 10-year forecast and a demand assessment through 2050 to account for future trends in the adoption of renewable energy, distributed energy resources, and energy storage and electrification technologies necessary to achieve the statewide greenhouse gas emission limits and sublimits under chapter 21N;

(ii) consider and include a summary of related investments that have been reviewed or approved by the department previously; and

(iii) solicit input, such as planning scenarios and modeling, from the Grid Modernization Advisory Council established in section 92C, and conduct technical conferences and a minimum of 2 stakeholder meetings to inform the public, appropriate state and federal agencies, and companies engaged in the development and installation of distributed generation, energy storage, vehicle electrification systems and building electrification systems.

(d) An electric company shall submit its **initial** plan for **approval**, ~~review~~ input and recommendations to the Grid Modernization Advisory Council established in section 92C by April 1, 2023, and plans thereafter in accordance with the schedule filed with the department pursuant to section 94; provided, that the plan shall be submitted to the Grid Modernization Advisory Council not later than **210** ~~120~~ days before the electric company files its schedule; and provided further, that the Grid Modernization Advisory Council shall return the plan to the company with recommendations not later than **30** ~~70~~ days before the company files its schedule. An electric company shall submit its plan, together with a demonstration of the Grid Modernization Advisory Council's review, input and recommendations, along with a statement of any unresolved issues, to the department at the time of filing its schedule pursuant to section 94. **The initial plan developed by an electric company may be submitted to the department in advance of this filing in accordance with the schedule above or may be submitted concurrently with the company's next file of its schedule pursuant to section 94.** The department shall promptly consider the plan and shall provide an opportunity for interested parties to be heard in a public hearing. The department shall approve, **modify and approve, or reject and require the resubmission of the plan accordingly** within **10** ~~7~~ months of submittal all prudent investments or alternative investments that provide net benefits for customers proposed in the plan and shall issue a final order directing the company to implement all approved investments of the plan, including determination of any unresolved issues identified in the initial filing; provided, that in order to be approved, a plan shall conclusively demonstrate the need for projects subject to review by the energy facilities siting board pursuant to section 69H and by the department pursuant to section 72. The electric company shall be permitted to recover all reasonably and prudently incurred Costs for implementing a plan as approved by the department. If an electric company fails to deliver the projected customer benefits associated with any specific investment or group of investments during the course of a plan, the department shall prohibit the company from earning a return on those investments until such time as the company delivers the customer benefits.

(e) An electric-sector transformation plan developed by an electric company pursuant to subsection (a) shall propose discrete, specific, enumerated investments to the distribution system or alternatives to such investments that will facilitate grid modernization, greater reliability and resiliency, increased enablement of distributed energy resources, increased transportation electrification, and increased building electrification, in order to meet the statewide greenhouse gas emissions limits and sublimits under chapter 21N. An electric company shall submit **one report** ~~2 reports~~ per year to the department on the deployment of approved investments and any other performance metrics included in the approved plans.

Section 92C. (a) There shall be a Grid Modernization Advisory Council to consist of the commissioner of the department of energy resources, or a designee, who shall serve as chair; the attorney general, or a designee; the commissioner of the department of environmental protection, or a designee; ~~13~~**14** members to be appointed by the governor: 1 of whom shall be a representative of residential consumers, 1 of whom shall be a representative from a local agency administering the low-income weatherization assistance program, 1 of whom shall be a representative of the environmental advocacy community, 1 of whom shall be a representative of an environmental justice community organization, 1 of whom shall be a representative of the transmission scale renewable energy industry with expertise in projects of greater than 20 megawatts, 1 of whom shall be a representative of the distributed generation scale renewable energy industry with expertise in projects of ~~less than~~**1 to 5** megawatts, **1 of whom shall be a representative of the distributed generation scale renewable energy industry with expertise in behind-the-meter residential or commercial projects,** 1 of whom shall be a representative of the energy storage industry, 1 of whom shall be a representative of the electric vehicle industry, 1 of whom shall be a representative of the building electrification industry, 1 of whom shall be a representative of municipal or regional interests, 1 of whom shall have technical and engineering expertise in interconnecting clean energy, 1 of whom shall be a representative of businesses, including large commercial and industrial end-use customers; and 1 member from each electric company operating in the commonwealth who shall serve as non-voting members. Members shall serve for terms of 5 years and may be reappointed.

(b) The council shall seek to encourage least-cost investments in the electric distribution systems or alternatives to the investments that will facilitate the achievement of the statewide greenhouse gas emission limits and sublimits under chapter 21N and increase transparency and stakeholder engagement in the grid planning process. The council shall review and provide recommendations on electric-sector transformation plans developed pursuant to subsection (a) of section 92B that maximize net customer benefits and will enable cost-effective interconnection of distributed and transmission-scale renewable energy resources, facilitate electrification of buildings and transportation, improve grid reliability and resiliency, and reduce impacts on and provide benefits for environmental justice populations and communities. **Approval of electric sector transformation plans shall require a two-thirds majority vote.**

(c) The council may retain expert consultants; provided, that such consultants shall not have any current contractual relationship with an electric company operating in the commonwealth or any affiliate of such electric company. **The council shall annually submit to the department a proposal regarding the level of funding required for the retention of expert consultants and reasonable administrative costs. The proposal shall be approved by the department either as submitted or as modified by the department. The department shall allocate funds sufficient for these purposes from the plan budgets; provided, however, that such allocation shall not exceed 1 per cent of such funding on an annual basis. Until such time that the department has approved the first plans and budgets, the council may receive funding that**

does not exceed \$1,000,000, which shall be allocated proportionally by distribution company based on their share of statewide distribution load in 2022, and which may be recovered by the distribution companies through existing grid modernization plan cost recovery mechanisms that have been approved by the department. The consultants used under this section shall be experts in grid planning and shall be independent.

(d) Nothing in this section shall eliminate or modify the obligations otherwise established by law of electric companies to provide orderly, economic expansion of equipment and facilities to meet future system demand with acceptable system performance. An electric company shall not be prohibited by action of the council or otherwise from planning and completing infrastructure changes, reinforcements or investment projects necessary for the reliability and resiliency of the transmission and distribution system pending action by the council or the department on an electric-sector transformation plan developed pursuant to said subsection (a) of said section 92B.

SECTION 25. Notwithstanding any general or special law to the contrary, each distribution company, as defined in section 1 of chapter 164 of the General Laws, shall, not later than December 31, 2022, file with the department of public utilities either: (i) at least 1 electric rate tariff, which addresses operational parameters, to apply to energy storage systems interconnected to their distribution network; ~~and or~~ (ii) a notice of its intent to promptly file with the Federal Energy Regulatory Commission a wholesale distribution service rate schedule to apply to standalone energy storage systems that are interconnected to their distribution network but are transacting in New England's wholesale electricity markets. The distribution companies shall identify the costs to the distribution network not recouped through project sponsor-funded interconnection upgrades or otherwise paid directly by the project sponsor and design rates to recoup the distribution company's net costs in a similar manner to how they are incurred by the distribution company, without unduly impeding the participation of energy storage systems in power markets and other uses of such systems that provide benefits to the electric grid.

SUGGESTED REVISIONS to S.2842 - An Act driving climate policy forward.

Replace Sections 44 and 45 with;

SECTION XX. Section 139 of chapter 164 of the General Laws, as amended by chapter 8 of the acts of 2021, is hereby amended by striking out subsection (i) and inserting in place thereof the following subsection:-

“(i) A Class I net metering facility shall be exempt from subsections (b1/2) and (k) and from the aggregate net metering capacity of facilities that are not net metering facilities of a municipality or other governmental entity under subsection (f), and may net meter and accrue Class I net metering credits if it is generating renewable energy and the nameplate capacity of the facility is equal to or less than 25 kilowatts. A Class I net metering facility with a capacity greater than 25 kilowatts, Class II net metering facility or Class III net metering facility with an executed interconnection agreement with a distribution company on or after January 1, 2021 shall be exempt from the aggregate net metering capacity of facilities that are not net metering facilities of a municipality or other governmental entity under subsection (f), and may net meter and accrue Class I, Class II, or Class III net metering credits if it is generating renewable energy and serves on-site load, other than parasitic or station load; provided, that any credits accrued in excess of its annual electricity consumption for the period running from April through the

following March shall be credited or paid out for such excess credits at the utility's avoided cost rate."

Replace Section 46 with:

SECTION 46. Said section 139 of said chapter 164 is hereby further amended by inserting the following subsection:-

“(I) A Class I, Class II or Class III solar net metering facility shall be eligible to or shall continue to receive net metering credits as otherwise provided by this section if such facility is on the same parcel as any number of other such solar net metering facilities if: (i) the net metering facilities are placed on a government-owned parcel; provided, however, that all facilities on the single parcel do not exceed an aggregate limit of 2 megawatts; (ii) the net metering facilities are placed on a single parcel of land where all buildings on that parcel comprise low or moderate income housing as defined in section 20 of chapter 40B; (iii) each net metering facility is placed on a separate and distinct rooftop where no 2 systems occupy the same rooftop; provided, however, that all facilities on the single parcel do not exceed an aggregate limit of 2 megawatts; (iv) each net metering facility installed on the same rooftop is interconnected behind a meter of a separate customer provided however that all the facilities on the single parcel do not exceed an aggregate limit of 2 megawatts; or (v) the additional net metering facilities are installed not less than 1 year after any previously installed facility was placed into service; provided, however, that all facilities on the single parcel do not exceed an aggregate limit of 2 megawatts. If the all the net metering facilities located on a single parcel are net metering facilities of a municipality or other governmental entity than the aggregate limit shall be 10 megawatts per single parcel for purposes of this subsection. For purposes of this subsection, a solar net metering facility installed as a canopy over parking areas shall be considered to be installed on a rooftop.

“SECTION XXI. The department of public utilities shall adopt regulations and issue orders to implement sections 44 and 45 not later than 120 days after the effective date of this act.”

Replace Section 48 with:

SECTION XX. Section 11(b) of chapter 75 of the acts of 2016 is hereby amended by inserting after the words “other governmental entity-owned solar facilities,” the following words:- pollinator-friendly solar installations that have been certified by a recognized pollinator-friendly solar photovoltaic certification program at a higher education institution in the commonwealth or that have obtained another equivalent certification as determined by the department.