

SMART Program

A comprehensive incentive program to promote development of renewable solar energy and energy storage in the Commonwealth

SOLAR MASSACHUSETTS RENEWABLE TARGET (SMART)

Massachusetts recently issued an update for its Solar Massachusetts Renewable Target (SMART), which encourages businesses to install solar through a fixed monthly CASH payment for 20 years. The updated SMART program adds 1600 MWs of capacity for solar energy projects, doubling the program's capacity to 3200 MWs. SMART includes significant changes that increase benefits for public entities, and incentivize commercial property owners to invest in solar energy. SMART is also one of the only programs in the country to provide additional compensation for pairing solar with energy storage.

PROGRAM BASICS

The SMART program is a feed-in-tariff (fit) model.

A FIT compensates system owners with a fixed rate (over a set period of time) for the solar electricity provided to the grid. Under the SMART program, solar system owners will get paid a predetermined tariff rate for the energy they produce, and will receive their payment monthly from their local utility.

SMART IS A DECLINING BLOCK PROGRAM

The state has established 3200 megawatt (MW) development target divided by each utility based on their percentage of load served. Each utility's SMART program allocation is divided into blocks which contain a predetermined MW capacity. When projects qualify for SMART, they reduce the capacity available within a block, and when the block's allocation is filled the next block's incentive value declines by 4%. Therefore, the program offers greater incentive values for the "early adopters". Block incentive values will continue to decline over time, until the overall block capacity for each utility has been met.

SMART HAS "ADDERS" DESIGNED TO ENCOURAGE SPECIFIC TYPES OF SOLAR PROJECTS.

These are additional incentive values, beyond the base tariff rate, for projects that provide additional benefits to the state or community. For example, there are incentive adders for:

- ✔ Location-Based
 - Canopies
 - Landfill
 - Floating
 - Brownfield
 - Agricultural
 - Building mounted
- ✔ Offtakers
 - Low-income property owner
 - Low-income Community Shared Solar
 - Community Shared Solar
 - Public entity
- ✔ Storage
- ✔ Pollinator-friendly

INCENTIVES FOR SOLAR + ENERGY STORAGE

The SMART program also provides additional incentives for energy storage, which is an effective solution in reducing demand charges for commercial customers. Energy storage is particularly important for Massachusetts commercial ratepayers since the state has some of the highest demand charges in the country.

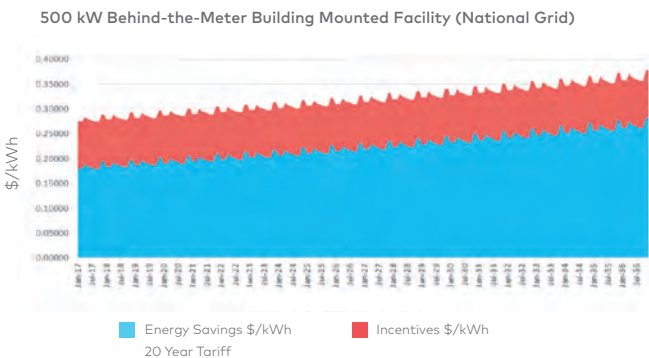
Make the SMART decision to control your energy costs.



SMART OFFERS TWO INSTALLATION OPTIONS:

1. BEHIND THE METER SYSTEM

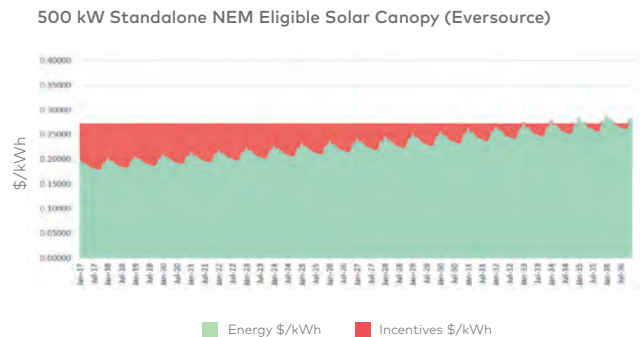
A Behind the Meter solar array is installed to reduce your monthly utility bill. The more solar energy your system generates, the more savings (blue) you receive each month. In addition to your energy savings, you receive an incentive payment (red) for the solar energy produced at a fixed rate for 20 years.



Source: DOER: Massachusetts Department of Energy Resources

2. STAND ALONE SYSTEM

Stand Alone systems are designed to send 100% of the system output to your local utility in exchange for a fixed tariff payment each month for 20 years. The tariff payment is comprised of both energy and incentive components (see chart below), but even if your energy rate changes over time, the tariff payment remains fixed for 20 years.



Source: DOER: Massachusetts Department of Energy Resources

BENEFITS OF SMART

1. "Bankable" long-term, predictable incentive payment: guaranteed fixed incentive rate for 20 years paid monthly
2. Projects are easier to finance: fixed 20-year tariff rate, with an investment-grade credit quality
3. Stable income from avoided electricity costs for 25+ years (system lifetime)
4. Greater flexibility: two options to go solar - use the power on-site, or sell it all to the utility - you decide
5. Numerous additional incentive "adders" including rooftop systems and certain consumer types
6. Incentives to pair solar + energy storage: take control of your peak demand charges with storage