COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

Joint Petition of Fitchburg Gas and Electric Light Company d/b/a Unitil, Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid, and NSTAR Electric Company and Western Massachusetts Electric Company, each d/b/a Eversource Energy for review and approval of a model SMART tariff.	)	D.P.U. 17-140

REPLY BRIEF OF SOLAR ENERGY INDUSTRIES ASSOCIATION

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I. INTRODUCTION

The initial briefs filed in this docket demonstrate a broad consensus that the SMART Program will benefit ratepayers and advance the objectives of the 2016 *Act Relative to Solar Energy* (the "Act"). There is agreement that an implementing tariff should be approved expeditiously to realize those benefits and achieve the objectives of the Act.

However, the initial briefs also reveal serious and widespread concerns about specific aspects of the SMART Provision, as it has been proposed by the Distribution Companies. In its Initial Brief, SEIA outlined a number of features of the SMART Provision that must be changed to ensure effective, efficient, and fair implementation of the SMART Program consistent with both the objectives of the Act and the public interest. SEIA's key concerns were reaffirmed by other intervenors.

Unfortunately, the Distribution Companies have doubled down on their insistence that the SMART Provision must include terms that advance only the Distribution Companies' interests. As explained below, the Distribution Companies even propose actions in their Initial Brief that would sabotage the entire SMART Program – a program they concede would benefit ratepayers and advance the objectives of the Act – unless the Department of Public Utilities (the "Department") acquiesces to their demands for unnecessary and self-serving tariff provisions.

As described in SEIA's Initial Brief and amply supported by the record, certain targeted changes to the proposed SMART Provision *are* necessary and justified. The Department should not allow the Distribution Companies to hold the SMART Program hostage. The Final Order should require amendments to the proposed Tariff that will better serve ratepayers and advance the objectives of the Act. For the convenience of the Department, SEIA has updated its redline to

the proposed SMART Provision, which it originally provided as Exhs. SEIA-NP-6 and SEIA-NP-7, so that it reflects SEIA's current proposals as redline to Exh. AG-4-12.

One critical additional note is in order. While the Intervenors abided by the clear and explicit directive of the Department *not* to brief capacity issues, the Distribution Companies defied that directive and provided *extensive* substantive briefing on capacity issues. *Compare* Tr. Vol. 1 at 10; *Hearing Officer Memorandum*, D.P.U. 17-140 (Mar. 7, 2018) *with* Distribution Companies' Initial Brief at 39-48. The Distribution Companies urge that, despite the Department's explicit directives, the Department should reverse itself and convey the capacity rights of facilities participating in SMART to the Distribution Companies. It would be fundamentally unjust and infringe on the rights of SEIA and other parties were the Department to render a decision adverse to them on capacity matters after the Department itself explicitly instructed the parties not to address such matters at hearings or in briefing.

Nothing in the Distribution Companies' Initial Brief refutes the need for the targeted revisions to the SMART Provision described in SEIA's Initial Brief. SEIA reaffirms the positions set forth in its Initial Brief. This Reply Brief is not intended to comprehensively address every argument made by the Distribution Companies in their Initial Brief, and silence on any issue does not reflect agreement.

II. ARGUMENT

A. THE DEPARTMENT SHOULD EXPEDITIOUSLY APPROVE A TARIFF TO IMPLEMENT THE SMART PROGRAM AND ATTAIN THE ASSOCIATED BENEFITS.

All of the parties agree that the SMART Program should be implemented promptly because it will provide numerous benefits, including ratepayer benefits, and will advance the objectives of the Act. *See*, *e.g.,* SEIA Initial Brief at 8-11 and 58-62 (Appendix A); DOER Initial Brief at 12-13, 31-39; AGO Initial Brief at 4-12, 22; BCC Solar Initial Brief at 5; Distribution

Companies' Initial Brief at 3, 29-30 (costs are reasonable), 32-33 (costs will be lower than existing incentive programs), 33-35 (SMART Program will minimize barriers, provide environmental benefits, and provide benefits to the distribution system).

The SMART Program is also significantly less costly than the SREC II program, such that prompt implementation would help to relieve existing market uncertainty while reducing costs for ratepayers. *See, e.g.*, SEIA Initial Brief at 9-10, 58; DOER Initial Brief at 31-36; Attorney General Initial Brief at 4-8; Distribution Companies' Initial Brief at 32-33. It is therefore critical that the Department act quickly to ensure expeditious implementation of the SMART Program. The solar industry has been anticipating the SMART Program for years and has developed a substantial pipeline of eligible projects that are ready to participate. *See* DOER Initial Brief at 3-9 (describing the development of the SMART Program); SEIA Initial Brief at 58 (hundreds of megawatts of projects are queued up in anticipation of participation in the SMART Program). Further delays would be unsettling to market expectations and would delay attainment of the objectives set forth in the Act, which was signed into law in April of 2016.

B. THE DEPARTMENT SHOULD PROVIDE INTERIM CLARITY CONSISTENT WITH ITS PREVIOUS STATEMENTS ON CAPACITY RIGHTS; REVERSING COURSE WOULD BE UNJUST, ARBITRARY, CAPRICIOUS, HARMFUL TO THE MARKET, AND REWARD THE DISTRIBUTION COMPANIES FOR DISREGARDING DEPARTMENT DIRECTIVES.

The Department has already decided and informed the parties how it will handle capacity issues in this docket. The Distribution Companies' efforts to litigate the issue in their brief is inappropriate, fundamentally unfair, and contrary to the Department's express direction.

On the first day of hearings, the Department made clear its approach to capacity-related issues:

> I also want to address the limited scope of the evidentiary hearings. I noted in my March 7 hearing officer memorandum that we are limiting the scope of the hearings to exclude any issues relating to the forward capacity market, or FCM. I want to make sure that all the parties have a shared understanding. So from the

> Department's perspective, the SMART provision, if it's approved, will remove the opportunity for the electric distribution companies to assert title to the capacity rights associated with solar tariff generation units participating in SMART.
>
> The Department does not expect parties to ask FCM questions at the hearings or to brief the FCM issue in this proceeding.

Tr. Vol. 1 at 10; *accord Hearing Officer Memorandum*, D.P.U. 17-140 (Mar. 7, 2018).

The Distribution Companies were fully aware of this directive. Indeed, they expressly acknowledged it in their Initial Brief at 17 n.11. However, they disregarded this express prohibition by providing extensive briefing on the merits of FCM issues. *See, e.g.*, Distribution Companies' Initial Brief at 39-48. All other parties complied with the Department's directive, and did not do so. *See, e.g.,* DOER Initial Brief at 13; SEIA Initial Brief at 3.

There is no dispute that it is urgent for the Department to resolve uncertainty as to capacity rights. *See, e.g.*, SEIA Initial Brief at 64-65 (Appendix A); DOER Initial Brief at 43; Distribution Companies' Initial Brief at 39; Attorney General's Initial Brief at 31-32. However, the Department cannot now reverse its prior position and resolve the issue in the Distribution Companies' favor in this docket, as the Distribution Companies suggest. Distribution Companies' Initial Brief at 44 ("this policy issue is ripe for resolution by the Department").

The Intervenors' due process rights would be infringed were the Department to do so. Although SEIA and others initially presented evidence on matters relating to capacity (*see, e.g.*, Exhs. SEIA-NP-1 at 27-59; SEIA-NP-Rebuttal-1 at 12-27), the Department preemptively severed those issues from this case in advance of hearings, thereby terminating any opportunity to present evidence and cross examine witnesses on capacity issues. The Department also explicitly directed parties *not* to present further evidence on capacity matters or to brief them, thus preventing parties (at least, those parties that complied with the Department's order) from

arguing their positions. There is no dispute that the Department does not have a full record before it on the issue of capacity rights. Thus, deciding the issue now, particularly on new factual representations and arguments presented for the first time in the Distribution Companies' Initial Brief (submitted *after* Intervenors' Initial Briefs), would fail to comport with basic due process requirements. In adjudicatory proceedings such as this one,

> "Parties shall have sufficient notice of the issues involved to afford them reasonable opportunity to prepare and present evidence and argument. If the issues cannot be fully stated in advance of the hearing, they shall be fully stated as soon as practicable. In all cases . . . where subsequent amendment of the issues is necessary, sufficient time shall be allowed after . . . amendment to afford all parties reasonable opportunity to prepare and present evidence and argument respecting the issues.

G.L. c. 30A, § 11; *see also* G.L. c. 30A, § 10 ("In conducting adjudicatory proceedings, as defined in this chapter, agencies shall afford all parties an opportunity for full and fair hearing.") (emphasis added); *accord*, *Interlocutory Order on Attorney General's Motion to Protect Intervenors' Due Process Rights*, D.P.U. 17-05 at 13 (June 9, 2017) (Intervenors must have an opportunity to address issues to be decided); *In re Foley*, 439 Mass. 324, 336 (2003) (procedural due process rights such as those under G.L. c. 30A, § 11 are among the "essential elements of due process" in Massachusetts administrative proceedings).

Having notified all parties of its intention to remove the capacity issues from consideration in this docket and from the SMART tariff, and having directed parties not to cross-examine or brief the issue, the Department must stay its course and "remove the opportunity for the electric distribution companies to assert title to the capacity rights associated with solar tariff generation units participating in SMART." Tr. Vol. 1 at 10.[1] Any decision on the merits of the

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[1] Although the Department has taken comments on related issues in other dockets (in a net metering context), the issues specific to FCM participation and the SMART Program have not been addressed in a forum that allows for the full presentation of evidence. The Distribution Companies' assertion that no more needs to be done to resolve

capacity issues other than the one the Department has already signaled would lack a sufficient evidentiary basis and would be unjustly prejudicial to intervenors. *See Allen v. Boston Redevelopment Auth.*, 450 Mass. 242, 257 (2007) (arbitrary and capricious to deny opportunity for meaningful review); *Nordberg v. Dept. of Educ.*, 2011 Mass. Super LEXIS 271, *18 (arbitrary and capricious to render a decision without "obtain[ing] and evaluat[ing] information").

Ignoring the substantial contrary evidence about likely consequences of conveying capacity rights to the Distribution Companies (*see, e.g.*, Exhs. SEIA-NP-1 at 27-59; SEIA-NP-Rebuttal-1 at 12-27), the Distribution Companies contend that if the capacity issues are not resolved in their favor now, they would be forced to take steps that would be devastating to the SMART Program and/or inconsistent with DOER's regulations. These would apparently include canceling the previously conducted competitive procurement (which was used to set compensation rates under the SMART Program) or changing the compensation rates under SMART in a manner inconsistent with DOER's regulations (which proscribe in detail how compensation rates are to be calculated, *see* 225 C.M.R. § 20.07). Distribution Companies' Initial Brief at 39-41.

It is simply untrue that such actions would be necessary while the Department appropriately considers capacity-related issues and allows all parties an opportunity to present evidence and argument. Despite their doomsday "solutions," the Distribution Companies make no effort to explain *why* the SMART Program would have to be delayed and derailed if they do

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this issue (*see* Distribution Companies' Initial Brief at 43) is inconsistent with due process requirements, Department practice, and the Department's clear statements in this proceeding. *See* Tr. Vol. 1 at 10; Hearing Officer Memorandum, D.P.U. 17-140 at 2 (Mar. 7, 2018).

not immediately acquire the capacity rights of all solar tariff generation units ("STGUs") and co-located energy storage systems that enroll in the SMART Program while the Department considers capacity issues.

In fact, the Distribution Companies' protestations — that, if the Department does not reverse its approach, it should bar any STGUs from enrolling in the FCM — are hypocritical. The Distribution Companies have sat on their own rights to bid the capacity of net metering facilities into the FCM for a decade. *See, e.g.*, Exh. SEIA-NP-1 at 31-33. They have also opposed taking on any *requirement* that they actually bid capacity from STGUs into the FCM as part of the SMART Program, further undermining their purported concern for monetizing capacity. *See, e.g.*, Exhs. SEIA-Surrebuttal-1 at 16 (explaining how the Distribution Companies claim irrevocable rights to capacity under the SMART Provision, but take on no reciprocal obligation to actually use those rights to benefit ratepayers; explaining how the Distribution Companies have opposed requirements to participate in the FCM in D.P.U. 17-146); JDT-Rebuttal at 25 (acknowledging that the Distribution Companies may "decline to register or enroll [STGUs] in the FCM . . . ."); AG-4-12 at § 6.3.4 ("Company, at its option, may qualify [STGUs in the FCM]")).

Thus, the Distribution Companies' assertions that it would be unacceptably detrimental to ratepayers to allow those SMART projects that qualify during a short period while the Department considers capacity issues to retain their capacity rights lack credibility. As SEIA has pointed out, past experience suggests ratepayers are *better* off if the Distribution Companies do not acquire capacity rights, which history shows that the Distribution Companies may not even bid into the market. *See generally*, Exhs. SEIA-NP-1 at 27-59; SEIA-NP-Rebuttal-1 at 12-27.

The Distribution Companies' failure to monetize capacity rights from the hundreds of megawatts of net metering solar projects to which they currently have rights under the Department's Order in D.P.U. 09-03-A (2009) also undermines their new proposal to adjust the SMART program's base compensation rates to take account of a "proxy" value reflecting supposedly un-monetized capacity rights. Distribution Companies' Initial Brief at 40. This proposal is devoid of record support. Moreover, even if it could be implemented, it would directly contravene the final SMART regulations issued by DOER, which state clearly that base compensation rates are to be determined by calculating the average price of all accepted bids in the 100 MW procurement. 22 C.M.R. § 20.07(3)(b). The DOER regulations do not contemplate or permit any adjustment of base rates to address supposed (and unproven) foregone capacity revenues or any other factor. Even assuming such an adjustment could be justified (a position SEIA rejects), any such adjustment would have to be made by DOER in its discretion as the agency responsible for designing and administering the SMART program, including the setting of compensation rates.[2]

Finally, the Distribution Companies' proposals to delay the opening of the SMART program (by, for example, re-opening the competitive procurement) ignore a critical consideration. As they admit, shifting from existing incentive programs to the SMART Program will *reduce* ratepayer costs. Distribution Companies' Initial Brief at 29-30 (explaining that "the

[2] The Distribution Companies' further assertion that if they do not own SMART system capacity rights that ratepayers would "pay twice" is an unwarranted conclusion unsupported in the record. *See* Distribution Companies' Initial Brief at 41. First, the record is devoid of any evidence on whether the bidders in the competitive procurement placed any value on capacity. Second, it is not evident that capacity assumptions had any effect on the base compensation rates that resulted from that procurement. Third, it is not at all clear that ratepayers would be better off with the Distribution Companies taking title to capacity rights than they would be if those rights remained with the facility owners. *See, e.g.*, Exhs. SEIA-NP-1 at 27-59; SEIA-NP-Rebuttal-1 at 12-27. This is undoubtedly an issue that the Department should consider in an alternative forum that provides opportunities to introduce relevant evidence, as the Department has stated it will do.

cost of incentives under the SMART Program is likely to be far more reasonable than the previous incentive programs under SREC I and SREC II."), 32-34 (the SMART Program "is expected to result in lower costs to all distribution customers"). Thus, delaying the implementation of the SMART Program will impose an unnecessary cost on ratepayers that could far outweigh any lost benefits from dubious claims of imminent desire on the part of the Distribution Companies to monetize capacity rights.[3]

DOER's Initial Brief provides helpful perspective on this issue. After urging the Department to act expeditiously on FCM issues (as did SEIA), DOER "highlights the importance of the expeditious implementation of the SMART Program, which is dependent on the issuance of an Order approving" an implementing tariff and then notes that – even assuming a full 400 MW of capacity of solar tariff generation units qualified without conveying any capacity rights to the Distribution Companies – the program would still "result[] in substantial cost reductions for and benefits to ratepayers without final resolution of this issue . . . ." DOER Initial Brief at 44. Indeed, DOER notes that only about 1% of program costs for that first 400 MW would have been avoided by conveying capacity rights to the Distribution Companies. *Id.* That calculation does not account for the possibility that the Distribution Companies would not successfully or immediately monetize that capacity, or that benefits might flow to ratepayers from allowing the

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[3] The Distribution Companies' Initial Brief also introduced multiple *new* topics and claims relating to capacity rights, none of which have been subjected to the Department's well-established process of comment, discovery, and cross-examination. These topics include, but were not limited to, ISO-NE's Competitive Auctions with Sponsored Policy Resources ("CASPR") proposal, FCA deadlines, ISO-NE participation rules, and using behind the meter STGUs as "load reducers." *See* Distribution Companies' Initial Brief at 39-48. Furthermore, the Distribution Companies' Initial Brief is selective, ignoring issues relevant to capacity rights including how capacity for in front of the meter storage systems with no on-site load and behind the meter storage systems with demand charge management opportunities can benefit the grid and Massachusetts ratepayers. There would be significant risk if the Department were to act prior to the full development of a record on any of these issues, because the Distribution Companies' Initial Brief is neither complete nor fully accurate. For the reasons explained above, the Department should not adopt any such new proposals or credit such new arguments until the record can be developed.

solar tariff generation units and co-located energy storage systems to control their own capacity rights. *See, e.g.*, Exhs. SEIA-NP-1 at 27-59; SEIA-NP-Rebuttal-1 at 12-27. The reality is that the SMART Program has been in development for years; there is a queue of projects representing substantial investments in the Massachusetts economy that are depending on prompt implementation of the program; and capacity rights are a fundamental issue for many of those projects, particularly those co-located with energy storage systems. SEIA Initial Brief at 64-65 (Appendix A).

The only reasonable approach for the Department with respect to the question of capacity is the interim approach proposed by both DOER and SEIA: to remain consistent with its decision to limit the scope of this proceeding, and to remove short-term uncertainty as to capacity rights, the Department should clarify in its Final Order or in the approved tariff itself that (1) capacity rights of solar tariff generation units and energy storage systems will not be conveyed to the Distribution Companies through any tariff approved in this proceeding and (2) that any future changes in the handling of capacity rights would be prospective only and would not apply to any Solar Tariff Generation Units or Energy Storage Systems previously qualified under SMART. SEIA Initial Brief at 64-65 (Appendix A); DOER Initial Brief at 44-45; Tr. Vol. 1 at 10.

C. THE DISTRIBUTION COMPANIES' PROPOSED AOBC ALLOCATION CAP IS CONTRARY TO THE PURPOSES OF THE ACT, AND WOULD UNDERMINE THE DEVELOPMENT OF COMMUNITY SOLAR ALTERNATIVES, HARM RATEPAYERS, AND INCREASE PROGRAM COSTS.

As SEIA has noted throughout this proceeding, the Distribution Companies' proposal regarding the AOBC remains the most troubling concern of the solar industry. The AOBC mechanism is essential to the SMART Program and to achieving the objectives of the Act. *See, e.g.*, DOER Initial Brief at 16-18 (approval of the AOBC "is required to ensure the fulfillment of the goals and policies embodied in the Solar Act."); SEIA Initial Brief at 11-12. The Distribution

Companies do not refute the importance of a functioning AOBC mechanism, but continue to propose imposing a cap on AOBC allocations. As set forth in SEIA's Initial Brief, the proposal to cap AOBC allocations is a threat to the viability of the AOBC mechanism, would undermine attainment of the objectives of the Act, and would reduce — rather than increase — customer access to the benefits of distributed solar generation. SEIA Initial Brief at 11-18. The Attorney General, BCC Solar, and Acadia Center all agree. Attorney General's Initial Brief at 29-31; BCC Solar Initial Brief at 29-32; Acadia Initial Brief at 5.

The Distribution Companies' proposal to drastically reduce the value proposition for participating in community-shared solar would unnecessarily harm customers, the community-shared solar industry, and ratepayers, who would have to pay the costs of increased administrative burdens on the Distribution Companies (serving approximately twice as many credit recipients for any given value in bill credits, each receiving less value than would otherwise be the case). SEIA Initial Brief at 13-16. The proposed allocation cap imposes all these negative effects with no benefit to ratepayers more broadly, who would be better off if a) there were no cap, b) the increased administrative costs were avoided, and c) community solar customers maintained an equitable value proposition with customers who can install solar onsite. SEIA Initial Brief at 17. Furthermore, the proposed allocation cap would render the AOBC mechanism a fundamentally different — and less appealing — customer experience than community-shared solar under net metering, raising concerns of customer confusion and dissatisfaction. *See, e.g.* SEIA Initial Brief at 13-16.

The Distribution Companies' Initial Brief fails to rebut these arguments. Instead, the Distribution Companies argue that the goal of the AOBC mechanism is "virtual self-supply," and therefore it is inappropriate for credit recipients to offset more value than that associated with

their energy use; indeed, the Distribution Companies even attempt to convince the Department that their proposed limitation creates parity with "the *energy* portion of [the customers'] bill." Distribution Companies' Initial Brief at 59. Such assertions are illusory and nonsensical. It is misleading, at best, to compare AOBCs – monetary credits based on the generator's basic service rate (typically a small commercial non-demand rate) – with the supply portion of a residential customer's bill, which is calculated based on an entirely different rate (the residential basic service rate).

The purpose of the AOBC mechanism is *not* to allow customers to offset only the cost of the supply portion of their electric bill. The purpose of the AOBC mechanism is instead to establish an alternative to participating in net metering[4] and to otherwise advance the objectives of the Act – among other things, to "minimize direct and indirect program costs and barriers" and to "support . . . community-shared solar facilities." St. 2016, c. 75, § 11(b); *see also* DOER Initial Brief at 16-18 (AOBC mechanism designed to support community-shared solar development). It is thus specifically designed to create another option for customers (particularly those who cannot install their own distributed solar generation at their point of consumption) to benefit from solar generation through community-shared solar. *See, e.g.*, Exh. SEIA-NP-1 at 59-63. That purpose is consistent with the Act's directive to support the development of community-shared solar facilities and is directly undercut by reducing the bill savings available to customers by approximately 60%.[5] SEIA Initial Brief at 14.

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[4] *See* DOER Initial Brief at 16 ("By design, this credit mechanism provides an alternative to participating in net metering, enabling facilities that are not net metered to transfer credits from a solar facility to an off-taker.").

[5] The Distribution Companies do not dispute this figure for residential customers. *See* Distribution Companies' Initial Brief at 60.

The Distribution Companies' scattershot of tangential attempts at rebuttal is equally unavailing. First, the Distribution Companies allege that similar limits have been implemented in Rhode Island. Distribution Companies' Initial Brief at 60. Yet they have provided no record evidence regarding those assertions, thus depriving the Intervenors from investigating and addressing such claims in this proceeding. Such unsupported assertions cannot be relied upon by the Department.[6]

Second, the Distribution Companies assert that the proposed allocation cap should not have been a surprise when it was proposed. Perhaps it was not a surprise to the Distribution Companies — but it was a surprise to others, including SEIA. *See* SEIA Initial Brief at 13; Exh. DPU-SEIA-1-3. The presentation on which the Distribution Companies' rely (Exh. RR-DPU-EDC-13, at 24), does not describe how any limit would be structured, and was understood at the time to mean that any such cap would relate not to the *energy* portion of a customer's bill as the Distributions Companies contend, but to the *total bill* associated with that consumption. *See* Exh. DPU-SEIA-1-3.

Third, the Distribution Companies assert without any factual basis that the compensation adder for community-shared solar is "generous," implying that it includes excess, unwarranted compensation that will make up for the recognized negative consequences of the proposed allocation cap. Distribution Companies' Initial Brief at 61. Yet the Distribution Companies provide no evidence that the adder is set at a level that considers or compensates for the negative

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[6] While evaluation of the Rhode Island program is not possible on the existing record, the Distribution Companies represent that it was a 6 MW program. Distribution Companies' Initial Brief at 60. SEIA observes that a 6 MW program is inherently different than a 1,600 MW program.

effects of the proposed allocation cap. Nor do they provide any analysis of the underlying economics of CSS projects under SMART as a basis for their claims.

Fourth, the Distribution Companies caution the Department against believing SEIA's "doomsday predictions that the AOBC cap will undermine investor confidence in AOBC projects" by contending that the structure of the SMART tariff (a 20-year term with credit-worthy entities) should preclude any concerns about the financeability of projects under the program. Distribution Companies' Initial Brief at 61. Such an assertion suggests a deliberate ignorance of the project financing process and a misrepresentation of SEIA's concerns. The Distribution Companies' proposal ignores the diminished customer value proposition that would result, the questionable viability of the AOBC mechanism in a context where net metering exists as a more attractive option, and the substantial additional costs that would be incurred. These factors will impact the willingness of investors to support AOBC projects and are likely to increase financing costs. *See, e.g.*, SEIA Initial Brief at 14-17. As proposed, with the Distribution Companies' allocation limitation, the AOBC mechanism represents a fundamental shift away from the virtual net metering mechanism that has earned investor confidence and supported CSS projects to date.

Finally, the Distribution Companies assert — again without any cite to record evidence — that their proposal would provide greater benefits to CSS customers. This is perhaps because the record shows the opposite: that their proposal would dilute the benefit to customers, increase administrative costs, and make community-shared solar more costly and less beneficial to customers. *Compare, e.g.,* Distribution Companies' Initial Brief at 62 *with* SEIA Initial Brief at 11-18. The Distribution Companies' proposal would also have the deleterious consequence of changing the customer mix for community-shared solar projects. Faced with a dramatically

reduced customer value proposition under the AOBC framework, developers will target higher-margin commercial and residential projects (i.e., higher-income customers) and disfavor small residential customers – putting the goal of solar access further out of reach for many. The cap on AOBC allocation would also severely curtail the development pipeline, leading to a loss of economic investment and a smaller solar workforce. *See, e.g.*, SEIA Initial Brief at 11-18. In any event, there is no record evidence to support the Distribution Companies' misleading assertions.

As an alternative to the cap proposed by the Distribution Companies, the Attorney General proposes that allocations be limited to 250% of the annual average usage of an AOBC recipient. Attorney General's Initial Brief at 30-31. SEIA believes this could be a reasonable alternative if some cap on allocation is desired. A cap set at 250% of average annual usage would reflect the Distribution Companies' initially stated intent of preventing over-allocation of credits that ultimately "cannot be monetized by the recipient." *See* Exh. JDT-1 at 17. While SEIA asserts that any cap is unnecessary because all parties have incentives to avoid such situations (and because the Distribution Companies have failed to demonstrate that such over-allocation even exists in practice), the Attorney General's alternative would nonetheless be acceptable. SEIA Initial Brief at 16-17.

Finally, the Distribution Companies' outlandish assertion — that if the Department does not adopt the Distribution Companies' AOBC cap it should reject the entire AOBC mechanism — is entirely unwarranted. Distribution Companies' Initial Brief at 62. The values of the AOBC mechanism, and its essential and central role in the SMART Program and in achieving the objectives of the Act are undisputed. There is no evidence to suggest that there is any harm to customers if the proposed AOBC cap is revised or removed; to the contrary, the evidence is that customers would benefit. For the Distribution Companies to demand that the entire AOBC

concept be discarded unless they get their way is grossly disproportionate, and would fundamentally undermine the entire Program and intent of the Act.[7]

D. THE DEFINITIONS OF "ENVIRONMENTAL ATTRIBUTES" AND "SOLAR TARIFF GENERATION UNIT" MUST BE RENDERED CONSISTENT WITH DOER REGULATIONS TO PREVENT BOTH INCONSISTENCY AND DISTRIBUTION COMPANY OVERREACH.

As SEIA explained in its Initial Brief, the Distribution Companies' proposal to expand upon definitions already provided in DOER's SMART Regulations is unnecessary, would cause confusion and uncertainty, and would benefit the Distribution Companies at the expense of customers. Adopting the Distribution Companies' proposals would be contrary to the regulatory structure established by DOER for the SMART Program. SEIA Initial Brief at 22-24, 32-35.

The Distribution Companies' expansive proposed definition of "Environmental Attributes" would exceed any meaningful conception of the plain meaning of those words, and would convey a limitless set of rights to the Distribution Companies — in clear conflict with the definition given to the same term at 225 C.M.R. § 20.02, which the Distribution Companies *themselves* employed in the Request for Proposals they issued under the SMART Program. SEIA Initial Brief at 22-24. During hearings, the Distribution Companies seemed confused by the breadth of their own proposal, and agreed that clarity limiting their proposal to a more narrow intent would be beneficial. SEIA Initial Brief at 22-24. In their Initial Brief, however, they disavow their sworn testimony and insist that they indeed mean for their definition of "Environmental Attributes" to include things that are by no means environmental attributes.

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[7] The Distribution Companies tie their demand with respect to the AOBC cap to their proposed value of energy. Distribution Companies' Initial Brief at 62. As SEIA explained in its Initial Brief (at 8), basic service does not represent the appropriate value for energy generated by any distributed generation facility because basic service does not include – or represent – the many benefits that distributed generation provides. However, the compensation level for energy represents a compromise among stakeholders. The compensation for energy in the SMART Program should not be misconstrued as an agreement as to the actual value of energy from distributed generation resources, including the value of all benefits. (Exh. SEIA-NP-1 at 29.)

The Distribution Companies claim the breadth is necessary to capture value associated with possible future environmental attributes that may be different than RECs (Distribution Companies' Initial Brief at 71. That is simply wrong. DOER's definition at 225 C.M.R. § 20.02 – "All GIS Certificates and any other environmental benefits associated with the energy generation of a Solar Tariff Generation Unit" (emphasis added) – is sufficiently broad for that purpose. In an abuse of logic, the Distribution Companies claim that using a different definition for "Environmental Attributes" than the one DOER used in the SMART Regulations is somehow "consistent with the intent of DOER." Distribution Companies' Initial Brief at 71. Astonishingly, that statement appears a mere two paragraphs *after* the Distribution Companies acknowledge that DOER *opposes* the adoption of the Distribution Companies' expansive definition of Environmental Attributes, and that DOER urges the Department to adopt the definition provided at 225 C.M.R. § 20.02. Distribution Companies' Initial Brief at 24; *see also* DOER Initial Brief at 23-24. The Attorney General agrees with DOER and SEIA. Attorney General's Initial Brief at 10.

Similarly, the Distribution Companies reject the definition of "Solar Tariff Generation Unit" that DOER provided in its SMART Regulations at 225 C.M.R. § 20.02 – "A Generation Unit that generates electricity using solar photovoltaic technology and meets all of the eligibility criteria set forth in 225 CMR 20.05 and 20.06" – in order to claim the (broadly defined) "Environmental Attributes" of co-located energy storage systems. SEIA Initial Brief at 32. As SEIA explained in its Initial Brief, this undignified grab at the "generation attributes" and "energy services" that could be provided by ESS would be contrary to the intent of the SMART Program, which assumed that ESS would access additional revenue streams. Adopting the expansive definition proposed by the Distribution Companies would frustrate the development of

a storage industry in Massachusetts and would prevent the realization of the benefits associated with the development of co-located energy storage. SEIA Initial Brief at 32-34.

As with the definition of "Environmental Attributes" there is no need to labor to discern the regulatory intent in this context; the intent is explicit. There is a regulatory definition that is contrary to the Distribution Companies' proposal (225 C.M.R. § 20.02); DOER's *Guideline on Energy Storage* is contrary to the Distribution Companies' proposal (SEIA's Initial Brief at 33-34); and in its Initial Brief, DOER opposed the Distribution Companies' proposed definition for the same reasons that SEIA opposed that proposed definition: "[the Distribution Companies'] addition renders the SMART Provision's definition inconsistent with the SMART Regulation's definition. This language . . . results in a problematic expansion of the definition." DOER Initial Brief at 24. There is absolutely no basis for the Department to endorse the Distribution Companies' effort to undermine the intent and structure of the SMART Program in this manner.

As SEIA explained in its Initial Brief, the overly broad definitions that the Distribution Companies propose would also potentially lead to the rights to market products and attributed provided by ESS being conveyed to the Distribution Companies. SEIA Initial Brief at 25-30. Similar to issues associated with the capacity rights of ESS, conveying the rights to energy services, market products, and ancillary attributes of ESS would eliminate revenue streams for energy storage that DOER assumed would stay with the system owners. SEIA Initial Brief at 25-32. This would result in serious questions about the viability of co-located energy storage deployments, and potentially subject such systems to unreasonable requirements to operate, merely to maximize revenues for the Distribution Companies. SEIA Initial Brief at 26-28.

When asked directly and unambiguously whether they intended to take and use any such attributes of energy storage systems, the Distribution Companies' witness clearly said "**No.**"[8] SEIA Initial Brief at 28 (emphasis added). Yet in their Initial Brief, the Distribution Companies blithely backtrack on the commitment given in their sworn testimony. Instead of denying such a claim, the Distribution Companies now *assert* a claim for "'attributes' associated with energy production [that are not] the energy itself." Distribution Companies' Initial Brief at 72. That distinction is not clear enough for its purpose in the tariff. There is no reason for the Distribution Companies to gain title to any "attributes" of energy storage systems whatsoever, which — as SEIA explained in its Initial Brief — would only undermine the structure of the SMART Program and frustrate the development of energy storage in the Commonwealth.

Once again, the Distribution Companies seem willing to acknowledge the problem, but their proposed correction – apparently an amorphous plan to present a solution in a compliance filing (Distribution Companies' Initial Brief at 72) – is inadequate (for the same reasons explained in SEIA's Initial Brief at 28-30). There is a simple solution to this problem: the Department should adopt the definitions of "Environmental Attribute" and "Solar Tariff Generation Unit" that are used in 225 C.M.R. § 20.00 and make absolutely clear in its Order that the Distribution Companies will *not* acquire rights to any rights to energy services or attributes of energy storage systems, consistent with the recommendations of both SEIA and DOER and with the Distribution Companies own sworn testimony on this specific point.

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[8] Q. Given that proposed definition of "environmental attributes" in Section 2.11 in AG-4-12 -- that was the redline version that we were discussing earlier -- do the companies intend to bid an ESS participating in the SMART program into other wholesale markets and ancillary services?

A. [SPRINGSTEEL] No, we do not.

Tr. Vol 4 at 670.

E. A VOLUMETRIC ENERGY CHARGE IS A BETTER MEANS OF RECOVERING SMART PROGRAM COSTS THAN A FIXED CHARGE.

As many parties have explained, recovering the costs of the SMART Program through a fixed charge i) is contrary to Department precedent, ii) would send counterproductive price signals, iii) is contrary to the Department's rate structure goal of efficiency, iv) would frustrate the Commonwealth's policy goals, v) would disproportionately burden low-usage and low-income customers, and vi) would reduce customer control over their electric bills. *See, e.g.*, SEIA Initial Brief at 18-21; Attorney General's Initial Brief at 13, 16; DOER Initial Brief at 27-28; BCC Solar Initial Brief at 32-33; Acadia Initial Brief at 7.

A volumetric energy charge is a better option for ratepayers and is consistent with Department precedent and goals and with Commonwealth policy. *See, e.g.*, SEIA Initial Brief at 18-21. It is no response, as the Distribution Companies assert, that a fixed charge is not technically prohibited. Distribution Companies' Initial Brief at 27. It is bad public policy *whether prohibited or not.* The Distribution Companies' argument that customers with behind-the-meter solar generation may offset the charge associated with the SMART Program if it were an energy charge is similarly unpersuasive. Distribution Companies' Initial Brief at 28. That effect would be small given the dollar amount of the charges under consideration in this proceeding (*see, e.g.* Exh. DPU-1-17), and recovery through a fixed charge would create greater inequities than it would resolve. *See* Exh. SEIA-NP-1 at 18-22. Nor is it a response to argue that the SMART Program costs are unrelated to volumetric consumption (Distribution Companies' Initial Brief at 28). The costs are similarly unrelated to distribution infrastructure or the costs of serving a particular customer, making it a policy decision how best to recover the costs – and a

policy decision not different from that made in the context of other reconciling mechanisms, all of which recovered through an energy charge. Exh. SEIA-NP-Surrebuttal-1 at 10.[9]

While the Distribution Companies are admirably honest in conceding that what they are proposing is a "new approach to rate design," their proposed "new approach" is neither helpful nor warranted. Distribution Companies' Initial Brief at 49. The rate design of the future should not be based on imposing fixed charges that create inequities and discourage energy conservation. Quite the opposite: They should be based on empowering customers and incentivizing decisions that reduce system costs. It is false logic for the Distribution Companies to claim that recovering the costs of the SMART Program through an energy charge would send a "false" price signal. Distribution Companies' Initial Brief at 50. Indeed, the costs of the Program are *also* unrelated to the costs of serving a customer that traditionally are included in a customer charge but must, nonetheless, be recovered. A fixed charge reduces incentives to conserve energy, while an energy charge increases those incentives. It should be uncontroversial that the Commonwealth's policies and the Department's precedents encourage energy conservation and efficient consumption, which reduces costs to all ratepayers. To the extent that the Department determines that a novel approach to rate design is necessary, and provided that the SMART charge is able to be offset by otherwise applicable bill credits, SEIA supports the Attorney General's proposal that the SMART Factor be assessed as a non-bypassable volumetric

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[9] The Distribution Companies' assertion that low-income customers are not *necessarily* low-use customers (Distribution Companies' Initial Brief at 52) does not refute the point that many low-income customers *are* low-use customers, and that control of their electricity bills, which is impaired by increased fixed charges, can be particularly difficult for such customers. *See* Exhs. SEIA-NP-1 at 19; BCC-KRR/SLM-1 at 53. Similarly, their assertion that percentage increases in customers' bills is not relevant is misleading: percentage changes are a means of comparing relative impacts to customers with different situations. *See* DOER Initial Brief at 27 (making similar comparisons).

charge as an alternative that is far superior to the Distribution Companies' proposal. *See* Attorney General Brief at 14.

F. THE DISTRIBUTION COMPANIES HAVE NOT ADEQUATELY SUPPORTED THEIR PROPOSALS FOR RECOVERING METER COSTS.

The Distribution Companies misstate SEIA's position with respect to meter cost recovery. SEIA has serious concerns that the Distribution Companies have not fully thought through their proposals with respect to metering system design and costs. SEIA is concerned that the SMART Provision, as proposed, provides the Distribution Companies a blank slate to develop an approach to meter cost recovery after this proceeding that is virtually unconstrained and could evade Department review, to the detriment of customers. *See* SEIA Initial Brief at 40 (Distribution Companies propose giving themselves flexibility to recover costs through any mechanism they choose, although no approach is yet established). As an example of the extraordinary discretion the Distribution Companies seek, they propose the ability to recover service fees for meters at rates that they themselves "publish from time to time." Exh. AG-4-12 at 5.

Concerns about the unconstrained ability to levy fees and charges for meters is especially problematic as the "Customer" upon whom the Distribution Companies propose to levy such fees and charges may not be the owner of the solar facility. *See* SEIA Initial Brief at 40-41. Remarkably, after acknowledging in their Initial Brief that this is a problem (and thereby conceding that they have not fully developed their proposals), the Distribution Companies then note in a footnote that they will propose a solution in their Reply Brief or Compliance Filing – i.e., *after any other party will have a chance to evaluate or comment upon their proposal. See* Distribution Companies' Initial Brief at 15 n.10.

That approach is patently insufficient. The Distribution Companies have the burden of proving that their proposal to recover meter costs is just and proper. They cannot defer that burden until after the matter is decided and after other parties' opportunity to critique their proposal has passed. *See, e.g.*, *Metropolitan Dist. Comm'n v. Dep't of Pub. Utils.*, 352 Mass. 18, 24 (1967); *Town of Hingham v. Dep't of Telecomm. & Energy*, 433 Mass 198, 213-14 (2001); *Boston Edison Co., Cambridge Elec. Light Co., & Commonwealth Elec. Co*, D.T.E./D.P.U. 06-82-A, at 75 (2010).[10]

Ignoring SEIA's actual concerns, the Distribution Companies instead busy themselves with knocking down a straw man of their own making: portraying SEIA as demanding third-party ownership of production meters. This is not the case. *Compare* Distribution Companies' Initial Brief at 14 *with* SEIA Initial Brief at 41. SEIA does have serious questions about the veracity of Distribution Companies' unsubstantiated assertions regarding alleged costs and delays resulting from use of third-party meters (which were elicited only on redirect examination at hearings), but SEIA does not necessarily oppose utility ownership of production meters. *See, e.g.*, SEIA Initial Brief at 41 n.19 (SEIA would support approaches that allow customers and ratepayers to benefit from the ability to select cost-effective meters).

If the Distribution Companies *will* own the meters, however, SEIA believes it is unfair to require customers to pay the full cost of those meters, particularly where the meters will be selected by the Distribution Companies in their sole discretion. *See* SEIA Initial Brief at 41-42. The record contains ample evidence that the Distribution Companies may lack appropriate incentives to limit the costs of the meters — costs they seek to recover directly from participating

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[10] The Distribution Companies further admit that they have not considered yet whether changes to interconnection tariffs would be required. *See* Distribution Companies' Initial Brief at 15.

customers. *See* SEIA Initial Brief at 41-43 (noting wide variations in Distribution Company cost estimates for similar meters and an Eversource proposal to install more expensive meters based on possible benefits not to the customers, but to Eversource). Fundamentally, imposing an upfront meter cost on customers creates a barrier to participation in the SMART Program that is contrary to the Act. *See* SEIA Initial Brief at 41-42. The better approach, if the Distribution Companies are to own the meters, is to provide for cost recovery of those meters through base distribution rates — just like all other company-owned meters. *See* SEIA Initial Brief at 41.

G. THE TARIFF SHOULD INCLUDE STANDARDS AND TIMELINES FOR PROMPT AND ACCURATE ALLOCATION OF AOBCS AND SHOULD REQUIRE TRACKING OF ERRORS AND COMPLAINTS RELATED TO AOBC ALLOCATIONS.

The Distribution Companies appear not to have reviewed SEIA's submissions with much thoroughness, given that they wrongly assert that SEIA "proposed these mandatory timelines for the first time in [its] initial brief[]." Distribution Companies' Initial Brief at 64. SEIA has consistently advocated for timelines and clear requirements relating to the Distribution Companies "responsibilities to regularly and accurately apply credits to customer bills" since the beginning of this proceeding. Exh. SEIA-NP-1 at 79. SEIA's position was first set forth in the prefiled testimony of Nathan Phelps, which was filed on January 29, 2018, *three months before* SEIA filed its Initial Brief. *See* Exh. SEIA-NP-1 at 79-82. SEIA's Initial Brief then presented the positions that it had developed in the record. *See* SEIA Initial Brief at 35-38. The Distribution Companies are entitled to their own opinions; they are not entitled to their own facts.

Perhaps the Distribution Companies assert surprise because there is no rational objection to the expectation that the Distribution Companies will implement their responsibilities in connection with the AOBC mechanism on a reasonable schedule. Certainly there should be no objection to the principle that a set of clear expectations and timelines will be beneficial to all stakeholders. As SEIA explained in its Initial Brief, reasonable and predictable timelines are

critical to an effective bill crediting program. *See* SEIA Initial Brief at 35-38. Unfortunately, the practical experience with net metering, as discussed extensively in this docket, has demonstrated that delays and unpredictable timelines have created significant problems for the deployment of community-shared net metering facilities. *See, e.g.*, SEIA Initial Brief at 35-36. Even if the AOBC timeline requirements do not initially incorporate penalties or rewards, setting expectations and tracking performance is a necessary step towards an efficiently functioning AOBC mechanism.

Timelines and clearly-defined Distribution Company responsibilities are a matter of consumer protection and necessary to meet the objectives of the Act. The Attorney General takes this position clearly and strongly. *See* Attorney General Initial Brief at 21-27. Delays and errors in bill crediting cause confusion for customers, discourage customer participation, and create a barrier to realizing the benefits of community-shared solar in direct contravention of an explicit objective of the Act to "minimize[] direct and indirect program costs and barriers . . . ." St. 2016, c. 75, § 11(b)(v); *see also* SEIA Initial Brief at 36-37.

The Distribution Companies do not dispute that the timelines and expectations that SEIA proposes are reasonable, presumably because those proposed timelines are reasonable and consistent with the standards applied in other states. In Oregon, bill credits must be reflected in customer bills within 30 days. *In the Matter of Rules Regarding Community Solar Projects*, Public Utility Commission of Oregon, Order No. 17-232, Docket AR 603 at Appendix A page 8 of 14 (June 2017) (adopting Or. Admin R. 860-088-0120(2)). In Illinois, the requirement is the next billing period. 20 Ill. Comp. Stat. 3855/1-75(c)(1)(N). In Minnesota the requirement is the next billing period. *In the Matter of Xcel Energy's Petition for Tariff Modifications Implementing Rules on Cogeneration and Small Power Production* Docket No. E-002/M-16-222 (May 22,

2017) (approving Xcel's cogeneration and small-power-production tariff subject to additional requirements) as implemented in Northern States Power Company Minnesota Electric Rate Book – MPUC No. 2 at Section 9, Original Sheet No. 74.[11] In Colorado, bill credits must be reflected in customer bills within 60 days. 4 Code of Colorado Regulations 723-3, § 3665(c)(i)(C) (2018).

The Distribution Companies' only arguments appear to be the erroneous claim of surprise and a meritless assertion that they should not be held to any reasonable timelines with respect to AOBCs, because customers receiving AOBCs will represent only a small percentage of their total customers. Distribution Companies' Initial Brief at 64-65. That second argument should be repugnant to the Department, just as it is to the Attorney General. *See* Attorney General Initial Brief at 21-27. Customers who choose to participate in community-shared solar projects may reduce their payments to the Distribution Companies, but should not be delegated to second-class status. The Distribution Companies should be committed to serving all of their customers. They would never assert a similar argument – that they need not take steps to reasonably serve their customers if only two percent of their customers will be affected – in other contexts, and the Department should not countenance such casual insouciance here. Whether they are willing to accept it or not, serving customers who participate in community-shared projects or who are otherwise receiving bill credits is now part of their basic responsibilities to their customers.

The Distribution Companies' assertions that providing basic elements of customer service will require unreasonable efforts to upgrade their billing systems is a tired conceit that should be retired. They assert that they do not have a means of recovering the costs of the upgrades that

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[11] The Order is available at: https://www.edockets.state.mn.us/EFiling/edockets/searchDocuments.do?method=showPoup&documentId={FAE792EC-AAF0-421B-80C5-11319F1F621A}&documentTitle=20175-132102-01. The tariff is available at https://www.xcelenergy.com/staticfiles/xe/PDF/Regulatory/Me_Section_9.pdf.

would be necessary to meet reasonable timelines for AOBC credit allocations. Distribution Companies' Initial Brief at 65. But on literally the same page, they simultaneously acknowledge that they are making the necessary billing system upgrades. As described in SEIA's Initial Brief, and as recognized by other parties, including the Attorney General and DOER, the record shows that the Distribution Companies' continued dissembling about their efforts to improve their ability to automate bill crediting functions is frustrating the advancement of the Commonwealth's policies, threatens to frustrate the implementation of the SMART Program, and creates barriers that conflict with the objectives of the Act. *See* SEIA Initial Brief at 45-47, 52-53; Attorney General Initial Brief at 24-25; DOER Initial Brief at 21-22.

Even if such deadlines cannot be immediately achieved through updated billing systems, there is no reason to believe that they cannot be achieved soon. Nor have the Distribution Companies suggested they could not meet such timelines in the near future, or on an interim basis through means other than a billing system update. The Department should direct the Distribution Companies to meet the timelines proposed by SEIA, and, to the extent that is not immediately possible, to file requests for extensions to the implementation of the timeline requirements, not to exceed six months, that articulate the reasons the timelines are not currently achievable and provide a plan for expeditiously attaining such implementation.

Similarly, the Department should order the Distribution Companies to monitor and track delays and errors that occur in the AOBC process. *See* SEIA Initial Brief at 35-36. Information regarding experience with credit allocations is important to ensuring that the AOBC mechanism functions efficiently. Lack of such information in the net metering context has fostered distrust and dissatisfaction. *See, e.g.,* SEIA Initial Brief at 35-36. Both DOER and the Attorney General believe that such tracking is important. Attorney General Initial Brief at 27-28; DOER Initial

Brief at 43. The Attorney General emphasizes the importance of such tracking for customer protection and transparency, and DOER emphasizes the expressed willingness of the Distribution Companies to take such steps and the appropriateness of doing so in the context of the SMART Program. Attorney General Initial Brief at 27-28; DOER Initial Brief at 43. SEIA agrees that accurate and complete tracking that is transparent would be beneficial. It is important that such tracking mechanisms allow for easy and clear means for customers to report delays or errors such that the resulting information reflects the experience of all affected parties. To the extent that further procedure is necessary to develop tracking and reporting mechanisms, a working group or similar process may be appropriate.

H. UPDATES TO THE PAYMENT/CREDIT FORM SHOULD BE PERMITTED ON AT LEAST A MONTHLY BASIS.

There is broad agreement that updates to the Payment/Credit form should be allowed more than twice per year. SEIA proposes allowing updates on a monthly basis, which is consistent with practice in other states and would alleviate the well-documented problems a similar limitation has caused in the net metering context. SEIA Initial Brief at 45-47. The Attorney General also urges allowing monthly changes to alleviate the barriers to customer participation and customer choice. Attorney General Initial Brief at 22-23. DOER describes the problems a twice-annually limitation has created for net metering facilities, the extent to which Massachusetts lags policies in other states on this point, and the likelihood that the limitation will cause customer dissatisfaction. DOER Initial Brief at 22-23. DOER urges allowing more frequent updates and suggests allowing "at least once per calendar quarter." *Id.*

The Distribution Companies have not provided evidence to substantiate their inability to allow updates more frequently. *See* SEIA Initial Brief at 45-47. Instead, they state that they are planning to improve their capabilities and allow more frequent updates at an some unspecified

future point (but are not willing to commit to doing so) and suggest that, although they have not done any modeling of the costs of allowing more frequent updates, they have to assume the costs would increase linearly with the number of updates (i.e. that allowing monthly updates would be six times as expensive as allowing two updates annually). Distribution Companies' Initial Brief at 21.

That position is wrong on the law and wrong on the facts. As to the law, it is the Distribution Companies' burden to establish that the twice-annually limitation is just and reasonable, not the Intervenors' burden to prove the contrary. *See, e.g.*, *Metropolitan Dist. Comm'n v. Dep't of Pub. Utils.*, 352 Mass. 18, 24 (1967); *Town of Hingham v. Dep't of Telecomm. & Energy*, 433 Mass 198, 213-14 (2001). As to the facts, it is not at all intuitive that costs of allowing updates more frequently would be linear (nor, despite having had the opportunity to support such an unsubstantiated allegation with record evidence in response to SEIA's prefiled testimony, did the Distribution Companies do so). For one thing, as the number of opportunities to update the forms increases, it is not necessarily the case that all of those facilities would need to avail themselves of each such opportunity. Moreover, the number of changes in any given update is likely to be fewer if more frequent updates are allowed, reducing the workload associated with any single update request. Further, it is unrealistic that, if the number of requests were to increase significantly, the Distribution Companies could not find more efficient ways to handle the increased volume. The same investments in better automation capabilities that could serve a small increase in volume of requests may be able to handle larger volumes of requests at no or lower incremental cost.

I. THE PAYMENT CREDIT FORM SHOULD BE AUTOMATED, AND THE DISTRIBUTION COMPANIES SHOULD BE HELD ACCOUNTABLE FOR ITS PROMPT AUTOMATION.

There is no reason why, in 2018, the Distribution Companies cannot provide for a simple form to be submitted electronically through an automated process. *See* SEIA Initial Brief at 52-53. DOER agrees that the process should be automated, noting the many associated benefits to ratepayers and to the effective implementation of the Act. DOER Initial Brief at 20-22. Vague commitments from the Distribution Companies, carefully crafted to have no teeth, are not acceptable, because the lack of an automated process is an unnecessary barrier to the SMART Program. The Act directs that such barriers be minimized. *See* St. 2016, c. 75, § 11(b)(v); *see also* Distribution Companies' Initial Brief at 37-39. The Department should direct the Distribution Companies to automate the Payment Credit Form within a set time period after its Order approving an implementing tariff and require the Distribution Companies to justify any delay in filing for extensions of that period, if necessary. SEIA and/or its members would be willing to work with the Distribution Companies and other stakeholders to effectively and expeditiously automate the Payment Credit Form in a manner that reduces transaction costs for all involved.

J. THE DISTRIBUTION COMPANIES APPEAR TO CONCEDE THAT A ROLLING 12 MONTH PERIOD FOR THE LIFE OF AOBCS IS MORE APPROPRIATE THAN A SET ANNUAL PERIOD.

SEIA explained in its Initial Brief why Owners or Authorized Agents should receive notice and an opportunity to allocate unallocated credits before they are cashed out, and why the 12-month period for this process should run from the accrual of the credit at issue. SEIA Initial Brief at 53-54. These modifications to the SMART Provision would advance the purposes of the Act by ensuring that the benefits of the solar incentive program flow to customers. *Id.*

The Distribution Companies' response does not rebut the merit of providing notice and an opportunity to reallocate the credits to promote the purposes of the Act. Ironically, the Distribution Companies' response (defending the use of a 12-month period) only highlights the importance of using the period from the accrual of a credit – as SEIA proposes – and not an arbitrary 12-month calendar period. For instance, the Distribution Companies argue that they should not be required to "bank" credits for "a period longer than 12 months." Distribution Companies' Initial Brief at 63. That is consistent with SEIA's proposal that any ability to cash out credits accrue only after the credits at issue have remained unallocated for 12 months and the Distribution Companies have provided notice and an opportunity to reallocate. SEIA Initial Brief at 53-54. Using an arbitrary calendar period, as SEIA explained, would provide a period shorter than 12 months in practice. Similarly, the Distribution Companies argue that a 12-month period is appropriate because it creates a "nexus between the energy generated . . . and the time that it is used . . . ." Distribution Companies' Initial Brief at 63. If it is this "nexus" that matters, then it should be the period of time from the generation of a specific credit that matters, not some arbitrary and unrelated 12-month calendar period.[12]

K. DOER, NOT THE DISTRIBUTION COMPANIES, SHOULD DECIDE WHETHER AN STGU IS NON-COMPLIANT WITH THE SMART PROGRAM AND WARRANTS REMOVAL FROM THE TARIFF.

As SEIA explained in its Initial Brief, it is critical that DOER, not the Distribution Companies, have ultimate responsibility for determining compliance with the tariff

[12] The Distribution Companies again make the asymmetrical argument that "[i]f the Department does not accept the terms of [their] proposed 'cash out' provision for AOBCs, it should reject the Companies' current AOBC proposal and direct the Distribution Companies to re-propose it with a new value of energy." Distribution Companies' Initial Brief at 63. The Distribution Companies provide no support or explanation for why it would be appropriate to reject the entire AOBC proposal and subject it to potentially protracted delay unless the precise terms they propose are adopted. The Department should not accept this unsubstantiated demand.

implementing the SMART Program. SEIA Initial Brief at 38-40. It is inappropriate for the Distribution Companies to retain discretion and broad authority to determine matters that relate to compliance with the SMART Program requirements, which DOER developed pursuant to the Act. There should be a clear path of authority for such determinations that goes to DOER and does not end with the Distribution Companies. SEIA Initial Brief at 38-40.

Recognizing this, the Distribution Companies make clear in their Initial Brief that DOER will be the arbiter of any alleged non-compliance related to a Statement of Qualification. Distribution Companies' Initial Brief at 23-24. That acknowledgement is helpful but insufficient, as it seems to leave the possibility that, in some circumstances the Distribution Companies could act unilaterally to terminate a facility's participation in the SMART Program. It should be made clear in the tariff and in the Department's Order that all such determinations must be made by DOER. SEIA Initial Brief at 38-40.

III. CONCLUSION AND RECOMMENDATIONS

As explained in detail above and in its Initial Brief, SEIA recommends that the Department revise the Tariff in the following ways prior to approval. For the convenience of the Department, SEIA attaches, as Appendix A, a redline against Exh. AG-4-12 that reflects these proposals:

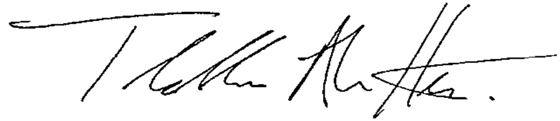
1. The proposed limitation on the allocation of AOBCs to customers must be removed, or replaced with the 250% cap proposed by the Attorney General;
2. SMART Program costs should be recovered through a volumetric energy charge, not a fixed charge;
3. The proposed definition of "environmental attributes" should be replaced with the definition from the SMART Regulations;

4. The Distribution Companies should not be permitted to claim title to attributes or market products of ESS co-located with STGUs;
5. The definition of “Solar Tariff Generation Unit” should not include co-located energy storage systems;
6. Clear and enforceable standards for prompt and accurate allocation of credits should be required;
7. DOER should retain ultimate responsibility for determining non-compliance with, or termination from, the Tariff;
8. Neither customers nor system owners should be required to bear the direct costs of SMART meters and maintenance;
9. The SMART Program cost recovery mechanism should be retrospective, not prospective;
10. Payment/Credit Form updates should be permitted on at least a monthly basis;
11. The potential qualifications for STGUs in other revenue streams should be restricted to regional RPS, and further restricted for residential and small commercial STGUs to *Massachusetts* RPS;
12. Recovery of administrative costs in the SMART Program cost recovery mechanism should be limited to externally-incurred administrative costs;
13. The Payment/Credit Form should be an online-only process, to minimize errors and improve efficiency;
14. Owners should receive notice of unallocated AOBCs and opportunity to allocate before the distribution companies can provide lump sum payment;
15. The life of incentive payments should be increased from 90 days to one year; and

16. The Department should include in the Tariff or in its Order a clear statement that the Tariff does not convey capacity rights of any Solar Tariff Generation Unit or Energy Storage System to any Distribution Company.

Respectfully submitted,
SOLAR ENERGY INDUSTRIES ASSOCIATION

By its attorney,



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Dated: May 15, 2018

B4831931

Appendix A - Redline of SEIA Proposed Tariff Changes to Exh. AG-4-12.

Redline in the original Exh. AG-4-12 is shown in RED.
SEIA's proposed changes to Exh. AG-4-12 are shown in BLUE.

SMART PROVISION

1.0 Purpose

The operation of the SMART Provision is pursuant to the Solar Massachusetts Renewable Target ("SMART") Program regulations at 225 C.M.R. 20.00 promulgated pursuant to Chapter 75 of the Acts of 2016, as applicable to Solar Tariff Generation Units that have received a Statement of Qualification from the Massachusetts Department of Energy Resources ("DOER"). The SMART Provision provides for: (1) Incentive Payments for RPS Class I Renewable Generation Attributes and/or Environmental Attributes produced by a Solar Tariff Generation Unit; (2) Alternative On-Bill Credits for energy generated by an Alternative On-Bill Credit Generation Unit; (3) the basis upon which Incentive Payments and Alternative On-Bill Credits are determined; and (4) the recovery of any such Incentive Payments, Alternative On-Bill Credits, and incremental administrative costs associated with the implementation and operation of the SMART Program.

2.0 Definitions

As used throughout this tariff, the following terms shall have the definitions set forth in this Definitions section.

2.1 Alternative On-Bill Credit Generation Unit shall mean a Standalone Solar Tariff Generation Unit that is eligible for an Alternative On-Bill Credit pursuant to the SMART Provision, and is not compensated for energy generated pursuant to 220 CMR 8.0 or 220 CMR 18.00.

2.2 Alternative On-Bill Credit shall mean the value of the net excess electricity generated and fed back to the Company by an Alternative On-Bill Credit Generation Unit on a monthly basis, calculated pursuant to Section 9.0 below.

2.3 Authorized Agent shall mean a person or entity that serves under an agreement entered into by each of the Owners of a Solar Tariff Generation Unit for all dealings with the DOER and the Company.

2.4 Company shall mean **[INSERT COMPANY NAME]**.

2.5 Commercial Operation Date shall mean the date on which the Company grants permission to the Solar Tariff Generation Unit to operate in parallel with the Company's electric distribution system.

SMART PROVISION

2.6 Current Year shall mean the 12-month period for which a SMART Factor will be in effect.

2.7 Customer shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains delivery service at a customer delivery point and who is a customer of record of the Company.

2.8 Department shall mean the Massachusetts Department of Public Utilities.

2.9 DOER shall mean the Department of Energy Resources.

2.10 Energy Storage System shall mean a commercially available technology that is capable of absorbing energy, storing it for a period of time and thereafter dispatching the energy~~, and that is co-located with a Solar Tariff Generation Unit that has qualified for the Energy Storage Adder pursuant to 225 CMR 20.07(4)(c)~~.

2.11 Environmental Attributes shall mean all GIS Certificates and any other environmental benefits associated with the energy generation of a Solar Tariff Generation Unit.~~any and all generation attributes or, and all energy services (to the extent the Company has received title to the energy of an STGU),established by regional, state, federal, or international law, rule, regulation or competitive market or business method that are attributable, now or in the future, to the output produced by the Solar Tariff Generation Unit during the term of service period of time in which the Solar Tariff Generation Unit is receiving Incentive Payments pursuant to Section 7.~~

2.12 Generation Attribute shall mean a Generation Attribute, as defined in 225 CMR 14.02.

2.13 GIS Certificate shall mean an electronic record produced by the NEPOOL GIS that identifies Generation Attributes of each Megawatt-hour (MWh) accounted for in the NEPOOL GIS.

2.14 Incentive Payment shall mean the payment to a Solar Tariff Generation Unit, including an Alternative On-Bill Credit Generation Unit, for RPS class I Renewable

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Generation Attributes and/or Environmental Attributes produced by these units, calculated pursuant to Section 7.0 below.

2.15 Market Revenue shall mean (1) the market value or the ~~net~~ proceeds from the sale or use of the RPS Class I Renewable Generation Attributes and/or Environmental Attributes procured pursuant to the SMART Provision; and (2) ~~net~~ proceeds from the sale of energy generated by Alternative On-Bill Credit Generation Units greater than 60 kW or the market value of the energy generated by Alternative On-Bill Credit Generation Units greater than 60 kW used by the Company for Basic Service~~; and (3) if the Company elects to bid capacity into the ISO-NE Forward Capacity Market ("FCM"), the net proceeds received by the Company~~. The market value of RPS Class I Renewable Generation Attributes and/or Environmental Attributes procured pursuant to the SMART Provision and used by the Company shall be determined from actual sales or purchases, and/or recent quotes from market participants. Administrative costs will not be netted against Market Revenue.

2.16 NEPOOL GIS shall mean the New England Power Pool Generation Information System, which includes a generation information database and certificate system, operated by the New England Power Pool, its designee or successor entity, that accounts for Generation Attributes of electrical energy consumed and generated within, imported into, or exported from the ISO-NE Control Area.

2.17 On-Site Load shall mean any new or existing electric load located at the site of a Solar Tariff Generation Unit including any parasitic load that may result from the installation of the Solar Tariff Generation Unit, and that is wired to receive a portion of the electrical energy output from the Solar Tariff Generation Unit before the balance of such output passes through the Solar Tariff Generation unit's metered interconnection onto the electric distribution system.

2.18 Owner shall mean any person or entity that, alone or in conjunction with others, has legal ownership of a Solar Tariff Generation Unit.

2.19 Payment/Credit Form shall mean an~~ form or~~ online application provided by the Company and submitted by the Owner or Authorized Agent prior to the Commercial Operation Date of the Solar Tariff Generation Unit, and updated no more than ~~two times during a 12-month~~once per billing period, unless allowed by the Company to

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be updated more frequently, containing all required information necessary to process monthly Incentive Payments and Alternative On-Bill Credits. ~~The Payment/Credit Form will be established and published by the Company from time to time on its website.~~

2.20 Prior Year shall mean a 12-month period prior to the Current Year.

2.21 Qualifying Facility shall mean a Qualifying Facility, as defined by the Department in 220 CMR 8.02.

2.22 RPS shall mean the Massachusetts Renewable Portfolio Standard established in Mass. Gen. Laws c. 25A, § 11F.

2.23 RPS Class I Renewable Generation Attribute shall mean a RPS Class I Renewable Generation Attribute as defined in 225 C.M.R. 14.02.

2.24 Solar Tariff Generation Unit shall mean a Generation Unit, as defined in 225 CMR 14.02, that generates electricity using solar photovoltaic technology and meets all of the eligibility criteria set forth in 225 CMR 20.05 and 225 CMR 20.06 and has received a Statement of Qualification~~, including any energy storage system or energy management, measurement, or inversion devices that are connected to the STGU.~~ and shall not mean an Energy Storage System.

2.25 Standalone Solar Tariff Generation Unit shall mean a Solar Tariff Generation Unit that serves no associated On-Site Load other than parasitic or station load utilized to operate the Generation Unit.

2.26 Statement of Qualification shall mean a document issued by the DOER that qualifies a Solar Tariff Generation Unit to participate in the SMART Program pursuant to 225 CMR 20.00.

3.0 Availability

Incentive Payments and, as applicable, Alternative On-Bill Credits provided under this SMART Provision are available to the Owner or Authorized Agent of a Solar Tariff Generation Unit that has received a Statement of Qualification from the DOER, has met all eligibility requirements from

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225 C.M.R. 20.00, has a total installed capacity of less than or equal to five megawatts (measured in MW AC), and is interconnected to the Company's electric distribution system. The Base Compensation Rates, which form the basis for Incentive Payments, are established by capacity blocks as shown in Appendix A. Other than Solar Tariff Generation Units selected under the one-time competitive procurement described in 225 CMR 20.07(3), no Solar Tariff Generation Unit shall be eligible to qualify in the Company's first capacity block unless it has a capacity equal to or less than one megawatt or is eligible to receive a Compensation Rate Adder (special rate adders specific to certain types of Solar Tariff Generation Units). Applications will be accepted on a first-come first-served basis.

Each Standalone Solar Tariff Generation Unit may be metered by the Company through a single metering point. All other Solar Tariff Generation Units must be separately metered by the Company for the purpose of measuring energy generated by the Solar Tariff Generation Unit, with the Company's metering installed behind the Customer's service meter. All Solar Tariff Generation Units must be electrically separate, and separately metered per Section 5, below, from any other existing electricity generating unit, whether taking service under the SMART Provision or not.

4.0 Other Tariff Applicability

All Customers must comply with the Company's Standards for Interconnection of Distributed Generation tariff ("Interconnection Tariff") and the Terms and Conditions for Distribution Service, as may be amended from time to time.

Solar Tariff Generation Units that are served on the Company's Net Metering tariff pursuant to 220 C.M.R. 18.00 or qualifying facilities tariff pursuant to 220 C.M.R. 8.00 will receive Incentive Payments pursuant to the SMART Provision. The terms and conditions regarding the calculation and distribution of net metering credits or payments for purchased power are governed by the provisions of the applicable tariff.

5.0 Metering

The Company will own, install, and maintain a meter on each Solar Tariff Generation Unit that complies with the metering standards applicable to the size of the Solar Tariff Generation Unit as defined in the Company's Interconnection Tariff, or a meter which is specified by the Company to meet operational and/or planning requirements. Monthly readings obtained from the meter will be used to determine Incentive Payments pursuant to Section 7.0 below. The Company must be provided adequate access to read the meter(s), and to install, repair, maintain, and replace the meter(s), if

applicable. ~~For a Solar Tariff Generation Unit located behind a Customer's electric service meter that has On-Site Load other than parasitic or station load, the Company may assess the Customer for the installed cost of the meter or include the cost in the calculation of the SMART Factor. The cost may appear as a one-time charge on the Customer's bill following installation of the meter. The Company may assess service fees for ongoing maintenance of the meter, which shall be established and published by the Company from time to time on its website.~~

6.0 Conditions for Participation

Owners or Authorized Agents of a Solar Tariff Generation Unit must demonstrate compliance with the following conditions prior to receiving Incentive Payments and Alternative On-Bill Credits, if applicable. Incentive Payments and Alternative On-Bill Credits will be applied on a prospective basis only after all of the following conditions have been met.

6.1 The Owner must obtain the Company's written authority to interconnect and operate in parallel with the Company's electric distribution system.

6.2 The Owner must provide final approval of a Statement of Qualification from the DOER for systems that have been constructed within the required timeline. This may be provided directly to the Company by the Solar Program Administrator ("SPA") with the permission of the Owner.

6.3 ~~For the term of this tariff~~During the period of time in which the Solar Tariff Generation Unit is receiving Incentive Payments pursuant to Section 7.0, the Company shall have the irrevocable rights and title to the RPS Class I Renewable Generation Attributes and/or Environmental Attributes of ~~all~~ that Solar Tariff Generation Unit~~s~~. In addition, for those units that are also Alternative On-Bill Credit Generation Units, the Company will also have irrevocable rights and title to the ~~capacity,~~ energy produced by such Alternative On-Bill Credit Generation Unit ~~and any market products associated with the sale of energy or energy services produced by the Alternative On-Bill Credit Generation Unit~~. ~~The Company will also have irrevocable rights and title to the capacity of Qualifying Facilities and any energy storage systems that are qualified to receive the Energy Storage Adder as part of a Solar Tariff Generation Unit that choose to participate in the SMART Program.~~

6.3.1 RPS Class I Renewable Generation Attributes in the form of Renewable

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Energy Certificates ("RECs") must be delivered to the Company's appropriate NEPOOL-GIS account. For Solar Tariff Generation Units greater than 60 kW, and that are not connected behind a meter measuring On Site Load, this will be accomplished through the Owner registering the Solar Tariff Generation Unit with the NEPOOL-GIS and enrolling in a Forward Certificate Transfer of RECs to the appropriate Company NEPOOL-GIS account for the term of enrollment in this tariff by the Solar Tariff Generation Unit. Evidence of such enrollment will be collected by the SPA and provided to the Company.

6.3.2 Solar Tariff Generation Units smaller than 60 kW, and those that are 60 kW or greater and are connected behind a meter measuring On Site Load, shall provide all necessary information to, and cooperate with, the Company to enable the Company to obtain the appropriate asset identification for reporting generation to the NEPOOL-GIS for the creation of RECs and direct all RECs from the Solar Tariff Generation Unit to the Company's appropriate NEPOOL-GIS account. The Owner or Authorized Agent shall provide approvals or assignments, including, but not limited to, completing the Company's Renewable Energy Certificate Assignment and Aggregation Form, to facilitate the Solar Tariff Generation Unit's participation in asset aggregation or other model of asset registration and reporting for the ~~term of enrollment in this tariff.~~period of time in which the Solar Tariff Generation Unit is receiving Incentive Payments pursuant to Section 7.0. This form will be collected by the SPA and provided to the Company.

6.3.3 Energy: Energy produced by Alternative On-Bill Credit Generation Units must be delivered to the Company in the Company's ISO–NE load zone at the delivery node associated with the Solar Tariff Generation Unit. As requested by the Company or ISO-NE, the Owner or Authorized Agent shall provide all necessary information as well as follow all requirements for all applicable market rules needed to set up the necessary generation asset~~, if the Company chooses to settle such energy~~.

6.3.4 Capacity: Notwithstanding any other terms in this tariff, this tariff does not convey any rights to the capacity of any Solar Tariff Generation Unit or Energy Storage System to the Company.~~The Company, at its option, may~~

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~~qualify Qualifying Facility or Alternative On-Bill Credit Generation Units as an Existing Capacity Resource in the FCM after the Commercial Operation Date to participate in the FCM. As requested by the Company or ISO-NE, the Owner or Authorized Agent shall furnish all necessary information as well as follow all requirements for all applicable market rules needed to set up, register, qualify, or participate in the FCM within five (5) Business Days of a request for information or action, and also shall provide any data within two (2) Business Days of a request. Owners or Authorized Agents are required to take commercially reasonable actions to maximize performance against any FCM Capacity Supply Obligations.~~

6.3.5 It is the responsibility of the Owner or the Authorized Agent to ensure that billing account information of the designated recipients of Alternative On-Bill Credits and information necessary for distribution of Incentive Payments is accurately reflected on the Payment/Credit Form, and provided on any forms required for taxpayer identification and reporting. Alternative On-Bill Credits that cannot be applied to recipient accounts because of inaccurate information will remain on the Solar Tariff Generation Unit's account and will be carried forward to subsequent billing months. Changes to the Payment/Credit Form must be received by the Company at least 15 days prior to the next billing date of the Solar Tariff Generation Unit or the Alternative On-Bill Credit recipient, as applicable, to be reflected in the next billing period. Incentive Payments that cannot be paid to an Owner due to inaccurate or incomplete records will be available for ~~90 calendar days~~one year, after which they will be forfeited.

7.0 Calculation of Incentive Payments

Incentive Payments to Solar Tariff Generation Units will be in accordance with the formula specified in 225 CMR 20.08 and will be calculated for each monthly billing period as follows:

IP = (BCR + CRA – GS – VOE) * kWhgen

Where

IP = Incentive Payment.

Redline in the original Exh. AG-4-12 is shown in RED.
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BCR = Base Compensation Rate applicable to the Solar Tariff Generation Unit as specified in the Solar Tariff Generation Unit's Statement of Qualification. The Base Compensation Rates by capacity block are provided in Appendix A.

CRA = Compensation Rate Adder applicable to the Solar Tariff Generation Unit as specified in the Solar Tariff Generation Unit's Statement of Qualification.

GS = Greenfield Subtractor applicable to the Solar Tariff Generation Unit as specified in the Solar Tariff Generation Unit's Statement of Qualification.

kWhgen = kWh generated during the billing period. For Standalone Solar Tariff Generation Units, kWhgen will be measured after the reduction for parasitic or station load.

VOE = Value of Energy, determined as set forth below

(1) For Standalone Solar Tariff Generation Units that are net metered pursuant to the Company's Net Metering tariff, the VOE will be the applicable net metering credit.

(2) For Standalone Solar Tariff Generation Units that are Qualifying Facilities or On-site Generating Facilities pursuant to 220 C.M.R. 8.00 but are not net metered pursuant to the Company's Net Metering tariff, the VOE will be the rate applicable under the Company's qualifying facility tariff.

(3) For Solar Tariff Generation Units that are located behind the Customer's electric service meter and have On-Site Load other than parasitic or station load, the VOE will be the sum of the current applicable distribution kWh charge, transmission kWh charge, transition kWh charge, and the average of the Basic Service kWh charge for the three calendar years immediately preceding the year in which the Commercial Operation Date of the Solar Tariff Generation Unit occurs. For purposes of this tariff, a Customer's current applicable distribution kWh charge, transmission kWh charge, and transition kWh charge will be those charges in effect applicable to the Customer during the previous calendar year. The VOE applicable to the Solar Tariff Generation Unit will be

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specified on the Statement of Qualification, as provided by the Company in Appendix A to this tariff, and will not change during the ~~term of the tariff~~period of time during which the Solar Tariff Generation Unit is receiving Incentive Payment pursuant to Section 7.0, unless directed to change by DOER.

(4) For Alternative On-Bill Credit Generation Units, the VOE will be equal to the ~~total kilowatt-hours (kWh) generated during a billing period multiplied by the rate for Basic Service~~Basic Service Rate applicable to the Alternative On-Bill Credit Generation Unit's rate class in effect during the billing period, as established by the Company's Basic Service tariff.

(5) Base Compensation Rates and, if applicable, Compensation Rate Adders, and/or Greenfield Subtractors are determined as authorized in the Statement of Qualification, and those rates will not change during the ~~uninterrupted~~ period of time in which the Solar Tariff Generation ~~Unit's participation in the SMART Program,~~ Unit is receiving Incentive Payment pursuant to Section 7.0 unless as directed by the DOER, SPA or the Department. The ~~three year averages of~~ applicable distribution, transmission~~,~~ and transition charges, and the three-year average of Basic Service rates will change once annually in Appendix A to this tariff.

8.0 Distribution of Incentive Payments

The Company will disburse Incentive Payments, in the form of a paper or electronic check as specified on the Payment/Credit Form, to the Solar Tariff Generation Unit's Owner or Authorized Agent. If the Incentive Payment is disbursed to an Authorized Agent, the Owner must indicate on the Payment/Credit Form.

9.0 Alternative On-Bill Credits

The Alternative On-Bill Credits shall be the Value of Energy of the Alternative On-Bill Credit Generation Unit as specified in Section 7.0(4) above multiplied by the total kilowatt-hours (kWh) during a billing period for any Standalone Solar Tariff Generation Unit which elects to enroll as an

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Alternative On-Bill Credit Generation Unit.~~ The Alternative On-Bill Credits will be applied to the single billing account associated with the Alternative On-Bill Credit Generation Unit.~~

The Owner or Authorized Agent of the Alternative On-Bill Credit Generation Unit must complete and submit a Payment/Credit Form prior to interconnection, but the Payment/Credit Form is not required more than 30 days before interconnection, indicating the percentage allocation, up to five decimal places, of the total ~~the estimated annual production from the Alternative On-Bill Credit Generation Unit and how the~~ Alternative On-Bill Credits ~~are~~ to be transferred to other Customer accounts in the Company's service area. Alternative On-Bill Credits may be transferred across ISO-NE load zones within the Company's service territory. The Company shall not transfer Alternative On-Bill Credits without a completed Payment/Credit Form.~~ The Payment/Credit Form must include the annual average usage of each Alternative On-Bill Credit recipient. For recipient accounts that have not established 12 months of on-site usage history, annual use will be estimated by the Company. The Company will require the allocation to Alternative On-Bill Credit recipients be based on the annual average usage of the recipient divided by the estimated annual production of the Alternative On-Bill Credit Generation Unit.~~

The Company is responsible for accurately allocating Alternative On-Bill Credits to recipient Customers consistent with the Payment/Credit Form. The Owner or Authorized Agent may update the Payment/Credit form once per billing period. Changes to the Payment/Credit Form must be received by the Company at least 15 days prior to the end of the Alternative On-Bill Credit Generation Unit's billing ~~date orand the Alternative On-Bill Credit recipient Customer's billing date~~period~~, as applicable,~~ in order for the Alternative On-Bill Credits to be applied in the next billing period.

The Company shall correct any error in allocation of Alternative On-Bill Credits to the recipient Customer designated on the Payment/Credit form within 30 days of either the Distribution Company's discovery of the error, or the Owner's or Customer's provision of notice of the error to the Distribution Company, whichever is earlier. Alternative On-Bill Credits that cannot be applied to Customer accounts because of inaccurate information on the Payment/Credit form will remain on the Alternative On-Bill Credit Generation Unit's account and will be carried forward to subsequent billing periods. The Payment/Credit Form shall include a section that enables the Owner or Authorized Agent to indicate how any excess credits on the Alternative On-Bill Credit Generation Unit account shall be allocated to recipient Customers.

Within 60 days of the date of interconnection of the Alternative On-Bill Credit Generation Unit, the Company shall begin applying Alternative On-Bill Credits each billing period to recipient Customer

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accounts as directed by the most recent Payment/Credit Form. Alternative On-Bill Credits shall be posted on recipient Customers' bills within one billing period following the ~~generation~~date of ~~net excess electricity by an~~ the production meter reading of the Alternative On-Bill Generation Unit. Alternative On-Bill Credits shall appear on the Customer's bill as a separate line item labeled "Solar Credit" and shall include the name of the Alternative On-Bill Credit Generation Unit that produced the Alternative On-Bill Credit. The Company shall carry forward, from billing period to billing period, any remaining Alternative On-Bill Credit balance on a recipient Customer's bill.

The Company shall issue a monthly transfer statement to the Owner detailing the production during the previous billing period and the amount of Alternative On-Bill Credits applied to recipient Customers' bills pursuant to the Payment/Credit form. The monthly transfer statement shall include an indication if any Alternative On-Bill Credit transfer resulted in a balance of Alternative On-Bill Credits on a recipient Customer's bill, if any Alternative On-Bill Credits remain on the Alternative On-Bill Credit Generation Unit's account, if a recipient Customer has ended or moved electric service with the Company, or if other major account changes have occurred.

At its option, the Company may pay to a designated recipient, in a lump sum amount, any Alternative On-Bill Credit remaining on the Alternative On-bill Credit Generation Unit billing account at the end of a 12-month period adjusted by the ratio of the average ISO-NE Locational Marginal Pricing rate that was realized by the settlement of the output of Solar Tariff Generation Units with ISO-NE over the course of the year divided by the average Basic Service rate for the year. The Company may only pay the lump sum amount after a 30 day notification to the Owner of the Company's intent to provide payment for the Alternative On-Bill Credits remaining on the Alternative On-bill Credit Generation Unit billing account, and the Owner has declined to allocate the Alternative On-Bill Credits remaining on the Alternative On-bill Credit Generation Unit billing account.

10.0 Term of Tariff

All Solar Tariff Generation Units with capacities larger than 25 kW AC will be eligible to receive compensation under this tariff for 20 years from the Solar Tariff Generation Unit's Commercial Operation Date. All Solar Tariff Generation Units with capacities less than or equal to 25 kW AC will be eligible to receive compensation under this tariff for 10 years from the Solar Tariff Generation Unit's Commercial Operation Date. This tariff will remain in effect until the costs incurred to administer the SMART Program have been fully recovered through the SMART Factors and termination of this tariff has been granted by the Department.

11.0 Applicability of SMART Factor

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SMART PROVISION

The SMART Factor, as defined herein, shall be applied to all bills issued by the Company and shall be determined in accordance with section 13.0 below, subject to the Department's review and approval.

12.0 SMART Factor Effective Date

The SMART Factor shall be effective **[INSERT DATE FOR APPLICABLE COMPANY]** of each year, unless otherwise ordered by the Department.

13.0 Calculation of SMART Factor

The SMART Factor recovers the annual incremental costs that the Company incurs during the applicable 12-month period associated with the SMART Program. The SMART Factor shall include disbursed ~~estimated~~ Incentive Payments, Alternative On-Bill Credits, and Market Revenue. The Company will reflect ~~actual Incentive Payments, Alternative On-Bill Credits, and Market Revenue, along with actual incremental administrative costs,actual collections~~SMART Factor collections compared to actual costs in determining the amount it has under or over-recovered through the applicable year's SMART Factor. The SMART Factor shall be applicable to all retail delivery service customers and will be in the form of an energy ~~monthly fixed~~(kWh) charge that varies by rate class. The SMART Factor shall remain in effect until adjusted in the Company's annual reconciliation filing pursuant to Section 14.0 below.

The SMART Factor shall be calculated as follows:

~~SFxs~~ SF_{XS} = (IP~~x~~ $_{X-1}$ + ~~ABCx~~ ABC_{X-1} – ~~MRx~~ MR_{X-1} + ADMx-1 + RAx-1) * DRAs ÷ ~~Fbillxs~~ $FkWh_{XS}$

Where

x = The Current Year.

s = A separate value for the following rate classes: **[list each company's rate classes]**

~~SFxs~~ SF_{XS} = The SMART Factor for the Current Year for each rate class.

~~IPx~~ IP_{X-1} = ~~Estimated~~ Disbursed Incentive Payments issued in the ~~Current~~Prior Year.

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~~ABCx~~ABC_{X-1} = ~~Estimated~~ Disbursed Alternative On-Bill Credits issued in the ~~Current~~ Prior Year.

~~MRx~~MR_{X-1} = Estimated Market Revenue associated with IPs and ABCs in the ~~Current~~ Prior Year.

ADM_{X-1} = The incremental administrative cost the Company incurred in the Prior Year necessary to meet SMART Program objectives, including~~, but not limited to,~~ costs associated with administering the SMART Program through a third-party administrator and other third-party administrative costs, if any~~, billing system improvements, and additional personnel required for ongoing operations~~.

RA_{X-1} = The Reconciliation Amount is the sum of (a) the difference between (1) the actual IP, ABC, and MR incurred in the prior years~~Prior Year plus incremental administrative costs approved for recovery in prior years~~; and (2) the amount of SF revenue billed by the Company during the Prior Year. Interest shall be applied to the reconciling balance at the Prime Rate as reported by the Wall Street Journal.

DRA = The Distribution Revenue Allocator percentage for each rate class.

~~Fbillxs~~$FkWh_{XS}$ = Forecasted number of ~~bills~~ kWh for each rate class for the Current Year~~ except that for streetlighting, the forecasted number of lights shall be used to establish a charge per light~~.

The Distribution Revenue Allocator shall be derived from the Company's most recent general rate case as approved by the Department and shall be as follows by rate class:

Rate []	xx.x%
Rate []	xx.x%
Rate []	xx.x%
Rate []	xx.x%
Rate []	xx.x%
Streetlighting	x.x%

14.0 Information Required to be filed with the Department

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Changes to the SMART Factors shall be filed with the Department as part of the Company's annual reconciliation filing at least **[insert number]** days before the date on which the SMART Factor is proposed to become effective. Such filing shall include the reconciliation of the amount recoverable through prior SMART Factors, as appropriate.

15.0 Additional Terms and Conditions of Service

15.1 Cooperation and Qualification of Solar Tariff Generation Units for Other Programs, Incentives, and Markets. Consistent with Section 6.3, if requested by the Company, the non-residential and non-small commercial Owners or Authorized Agents of an enrolled Solar Tariff Generation Unit shall take all commercially reasonable means necessary, and pay any costs or fees associated with such actions, to cooperatinge with the Company and to qualifyqualifying a Solar Tariff Generation Unit for other available federal, state, regional, local, and voluntary programs, incentives, and/or markets that would increase the value or marketability of the Solar Tariff Generation Unit's products andEnvironmental aAttributes including but not limited to registering the Solar Tariff Generation Unit with other states in order to qualify for such states' Renewable Portfolio Standard or similar program(s), so long as the Environmental Attributes can be transferred through the NEPOOL GIS. The DOER may require Owners to qualify for additional programs. Such Owner or Authorized Agent shall comply with all rules of such programs, incentives, and markets including, without limitation, rules that relate to the creation, tracking, recording, and transfer of all Environmental Attributes that are to be transferred under this tariff.

15.2 Non-Compliance. The Owner or Authorized Agent of a Solar Tariff Generation Unit shall comply with the provisions of this tariff through the end of the applicable term specified in Section 10.0. period during which the Solar Tariff Generation Unit is eligible to receive Incentive Payments pursuant to Section 7.0. Only the Solar Tariff Generation Unit described on the Statement of Qualification is eligible to participate under this tariff. In no event shall a Solar Tariff Generation Unit's nameplate capacity exceed what is allowed by the Statement of Qualification. If a Solar Tariff Generation Unit exceeds the nameplate capacity allowed by the Statement of Qualification, or the Company determines that an Owner or Authorized Agent has violated the terms and conditions of this tariff, the Company will report the non-compliance immediately to the DOER. The DOER will conduct a review of the report from the Company. If the DOER agrees with the report of the Company, then ,

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~~and~~ the DOER shall issue a notice of non-compliance to the Owner or Authorized Agent and to the Company. Upon receipt of a notice of non-compliance from the DOER, the Company may suspend payment of Incentive Payments and Alternative On-Bill Credits, if applicable, and/or take other action as required the DOER until such time as the non-compliance has been remedied.

Neither the Company nor the Owner or Authorized Agent shall be deemed in non-compliance for failure or delay in the performance of any obligation under the tariff ~~during the term~~ if and to the extent that such delay or failure is due to a Force Majeure Event. A Force Majeure Event shall mean any cause beyond the reasonable control of, and not due to the fault or negligence of, the Company or the Owner or Authorized Agent and which could not have been avoided by exercising commercially reasonable efforts ,including, as applicable, acts of war or terrorism, public disorder, insurrection or rebellion, embargo or national emergency; curtailment of electric distribution services; flood, hurricane, windstorm, tornado, earthquake, or other acts of God; explosion or fire; strikes, lockouts, or other labor disturbances (whether among employees of the Company or the Owner or Authorized Agent, its suppliers, contractors, or others); delays, failure, and/or refusal of suppliers to supply materials or services; orders, acts or omissions of the NEPOOL GIS Administrator, as applicable; embargoes; sabotage; or any other cause of like or different kind, beyond the reasonable control of the Company or the Owner or Authorized Agent. Notwithstanding the foregoing, a Force Majeure Event shall not be based on Owner's ability to sell market products at a price greater than the rates applicable to the Solar Tariff Generation Unit or the Company's ability to purchase market products at prices below the applicable rates.

The party claiming Force Majeure shall notify the other party and the DOER of the occurrence thereof as soon as possible and shall use reasonable efforts to resume performance immediately. In no event shall a claim of Force Majeure or a Force Majeure Event operate to extend the ~~term of the tariff~~Solar Tariff Generation Unit's eligibility to receive Incentive Payments pursuant to Section 7.0.

15.3 Termination Provisions. If the Owner or Authorized Agent or the Company receives confirmation from the DOER that the Owner's Statement of Qualification has been suspended or revoked, or if the DOER determines that the Owner or Authorized Agent has failed to satisfy the Owner's obligations under this tariff and so advises the

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Company and the Owner or Authorized Agent, the Company may elect to terminate its obligations under this tariff. Neither the Owner or Authorized agent nor the Company may terminate their obligations under this tariff with less than 30 days' notice to the other party, provided that, if one party terminates their obligations under this tariff, the other party may terminate their obligations simultaneously with less than 30 days' notice.

15.4 Governing Law. This tariff is governed by the provisions of 225 CMR 20.00 and Chapter 164 of the General Laws.

15.5 Dispute Resolution. The dispute resolution provisions included in the Company's Interconnection Tariff, Section 9.0, shall be available for the purpose of resolving disputes related to the operation of this tariff between the Company and the Owner, including whether the Company has accurately transferred Alternative On-Bill Credits consistent with the Owner's written designation in the Payment/Credit Form. The Company shall not be responsible for resolving disputes between the Owner of an Alternative On-Bill Credit Generation Unit and those Customers to whom the Owner is transferring Alternative On-Bill Credits.

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APPENDIX A

I. Base Compensation Rates

	Term	Capacity Block ¢/kWh							
		1	2	3	4	5	6	7	8
Block Size		tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
Low Income ≤ 25 kW	10 years	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
≤ 25 kW	10 years	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
> 25 kW, ≤ 250 kW	20 years	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
> 250 kW, ≤ 500 kW	20 years	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
> 500 kW, ≤ 1,000 kW	20 years	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
> 1,000 kW, ≤ 5,000 kW	20 years	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd
> 1,000 kW, ≤ 5,000 kW*	20 years	tbd	n/a	n/a	n/a	n/a	n/a	n/a	n/a

**

*For Solar Tariff Generation Units selected under the one-time competitive procurement.

Notes:

Each Capacity Block shall have a minimum of 20% and a maximum of 35% of its total available capacity reserved for Solar Tariff Generation Units with nameplate capacities less than or equal to 25 kW.

**Solar Tariff Generation Units that receive a capacity allocation in more than one Capacity Block will receive a blended Compensation Rate that reflects the rates applicable to both Capacity Blocks.

SMART PROVISION
APPENDIX A

II. Compensation Rate Adders

Please refer to 225 C.M.R. §20.07(4) for currently effective Compensation Rate Adders, and to DOER's Guideline on Energy Storage at **[INSERT WEBPAGE ADDRESS]** that provides an Energy Storage Adder calculator.

III. Sum of Applicable Distribution, Transmission, Transition, and Three Year Average of Basic Service Rates

Rate Class	**Applicable Three Year Average by Commercial Operation Year ¢/kWh**	
	2018	**2019**
Rate []	tbd	tbd
Rate []	tbd	tbd
Rate []	tbd	tbd
Rate []	tbd	tbd

IV. Base Basic Service Rates

[INSERT ADDRESS TO COMPANY'S EXTERNAL WEBSITE FOR SUMMARY OF RATES]

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF PUBLIC UTILITIES

Joint Petition of Fitchburg Gas and Electric Light Company d/b/a Unitil, Massachusetts Electric Company and Nantucket Electric Company, each d/b/a National Grid, and NSTAR Electric Company and Western Massachusetts Electric Company, each d/b/a Eversource Energy for review and approval of a model SMART tariff.	))))))))	D.P.U. 17-140

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing Reply Brief upon all parties of record in this proceeding by electronic mail and/or U.S. mail in accordance with the requirements of 220 C.M.R. § 1.05(1) (the Department's Rules of Practice and Procedure).

Dated at Boston this 15th day of May, 2018.

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Dated: May 15, 2018