

HOUSE No. 3724

The Commonwealth of Massachusetts



CHARLES D. BAKER
GOVERNOR

OFFICE OF THE GOVERNOR
COMMONWEALTH OF MASSACHUSETTS
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KARYN POLITO
LIEUTENANT GOVERNOR

August 7, 2015

To the Honorable Senate and House of Representatives,

I am pleased to submit for your consideration, “An Act relative to a long-term, sustainable solar industry.”

This legislation will help us reach the goal of 1,600 megawatts of solar generated power by 2020 and transition to a more balanced solar incentive program. The current incentives were designed to jump start a new solar industry. This legislation recognizes that the industry has matured, and as we continue our support of solar development, we must also protect ratepayers and provide long-term stability to the solar industry.

Under this legislation, current incentives—including Solar Renewable Energy Certificates—will continue to be available to new solar generators until we have reached our target of 1,600 megawatts of solar generation. In order to accelerate reaching this goal, the net metering cap will be immediately expanded by 50% for private entities and 40% for public entities. The Department of Public Utilities will be empowered to further raise the cap when it is in the public interest to do so.

Once we reach our target of 1,600 MW, the incentives for solar generation will be adjusted as follows:

- All solar generators already receiving net metering credits will continue to receive those credits under the existing net metering program for a period of twenty years.

- All residential and small businesses will continue to be excluded from existing or future net metering program caps.
- All new medium and large scale solar generators will receive net metering credits equivalent to the monthly commodity price of energy. DOER will create a new solar incentive program for new solar generators and may create similar incentive programs for other renewable technologies.

This legislation continues to support and encourage solar power generation while promoting an orderly transition to a stable, equitable, and self-sustaining solar market at a reasonable cost to ratepayers. I urge your prompt enactment of this legislation.

Sincerely,

Charles D. Baker,
Governor

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Message from His Excellency the Governor recommending legislation relative to relative to a long-term, sustainable solar industry.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act relative to a long-term, sustainable solar industry.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 25A of the General Laws, as appearing in the 2014 Official
2 Edition, is hereby amended by inserting after section 11I the following section:-

3 Section 11J. (a) The department shall establish a solar incentive program for the
4 development of distributed solar generation beyond 1,600 megawatts direct current by solar
5 photovoltaic facilities connected to a distribution or transmission system, which shall be a
6 statewide program. Said program shall be designed by the department and may include a tariff
7 implemented by the distribution companies, to be reviewed and approved by the department of
8 public utilities. In designing the program, the department shall: (i) promote an orderly transition
9 to a stable, equitable, and self-sustaining solar market at a reasonable cost to ratepayers; (ii)
10 promote equitable access to solar energy; (iii) take into account other incentives, credits, or
11 revenue available to developers and owners of different classes of projects; and (iv) ensure that
12 the costs of the program are shared collectively among all ratepayers of the distribution
13 companies. The incentive program developed pursuant to this Section 1 shall take effect upon the

14 date of notification by the department of energy resources that 1,600 MW direct current of solar
15 generation has been qualified under subsection (g) of section 11F of chapter 25A.

16 (b) Attributes, as defined by the department, of the solar photovoltaic facilities receiving
17 incentives under this section shall be eligible for use by retail electric suppliers pursuant to their
18 obligations under section 11F of chapter 25A.

19 (c) The department shall set forth provisions in its regulations specifying that the program
20 implemented in accordance with paragraph (a) shall not apply to solar generation projects
21 qualified under subsection (g) of section 11F.

22 (d) Any solar photovoltaic facility that has an alternating current nameplate capacity
23 rating greater than 10 kilowatts for single phase service or greater than 25 kilowatts for three-
24 phased service participating in the incentive program established by this subsection, if otherwise
25 eligible to be a net metering facility pursuant to sections 138 and 139 of chapter 164, shall be
26 subject to subsection b ½ of section 139 of chapter 164.

27 (e) The department may establish a separate incentive program for non-solar photovoltaic
28 generation units eligible under the renewable portfolio standard pursuant to section 11F

29 SECTION 2. Section 138 of chapter 164 of the General Laws, as appearing in the 2014
30 Official Edition, is hereby amended by inserting the following definitions:

31 “Cap allocation,” an allocation of capacity under the applicable net metering cap granted
32 by the system of assurance of net metering eligibility, which indicates that the capacity of the net
33 metering facility will be eligible to receive net metering services upon receipt of authorization to
34 interconnect pursuant to section 139(g).

35 “Market-based net metering credit,” a credit equal to the excess kilowatt-hours by time of
36 use billing period, if applicable, multiplied by the average monthly energy clearing price in the
37 ISO-NE zone in which the net metering facility is located; provided, however, (i) net metering
38 facilities of a municipality or other governmental entity, (ii) eligible recipients of credits from net
39 metering facilities serving low income customers as such customers are defined by the
40 department of energy resources pursuant to section 11J of chapter 25A, and (iii) eligible
41 recipients of credits from community shared net metering, as defined by the department of
42 energy resources pursuant to section 11J of chapter 25A, shall receive a credit equal to the basic
43 service kilowatt-hour charge in the ISO-NE load zone where the customer is located.

44 “System of assurance,” the system of assurance of net metering eligibility created by the
45 department to (i) track the aggregate capacity of all net metering facilities; and (ii) provide
46 prospective net metering facilities and other stakeholders with an assurance, before beginning
47 construction, that a facility is eligible to receive net metering services once it is able to generate
48 electricity.

49 SECTION 3. Section 139 of said chapter 164, as so appearing, is hereby amended by
50 inserting after subsection (b) the following subsection:

51 (b ½) (1) A net metering facility that has an alternating current nameplate capacity rating
52 greater than 10 kilowatts on a single phase circuit or greater than 25 kilowatts on a three-phased
53 circuit and receives a cap allocation under subsection (g) after the date of notification by the
54 department of energy resources that 1,600 MWs direct current of solar generation has been
55 qualified under subsection (g) of section 11F of chapter 25A, shall accrue market-based net
56 metering credits and shall not be eligible for any other net metering credits as otherwise provided

57 in this section. If the electricity generated by a net metering facility during a billing period
58 exceeds the customer's kilowatt-hour usage during the billing period, the customer shall be billed
59 for zero kilowatt-hour usage and the excess market-based net metering credits shall be credited
60 to the customer's account. Credits may be carried forward from month to month. A net metering
61 facility may designate customers of the same distribution company to which the net metering
62 facility is interconnected and that are located in the same ISO-NE load zone to receive such
63 credits in amounts attributed to such customers by the net metering facility.

64 (2) In the instance of any net metering facility of a municipality or governmental entity, a
65 distribution company may elect not to allocate such credits and instead may purchase net
66 metering credits from the facility at the applicable net metering credit value.

67 (3) A net metering facility that has an alternating current nameplate capacity that is equal
68 to or less than 10 kilowatts on a single phase circuit or 25 kilowatts on a three-phased circuit
69 shall be entitled to receive net metering credits as otherwise provided under this section,
70 regardless of the time of interconnection to the distribution system. Larger projects shall not be
71 segmented into smaller capacity projects to achieve eligibility under this rule.

72 SECTION 4. Section 139 of said chapter 164, as so appearing, is hereby further amended
73 by striking out subsection (f) and inserting in place thereof the following subsection:-

74 (f) The aggregate net metering capacity of net metering facilities that are not net metering
75 facilities of a municipality or other governmental entity shall not exceed 6 percent of the
76 distribution company's peak load. The aggregate net metering capacity of net metering facilities
77 of a municipality or other governmental entity shall not exceed 7 percent of the distribution
78 company's peak load. The department shall have the authority to increase such caps if it finds an

79 increase to be in the public interest. The department shall be authorized to condition any
80 increases or otherwise limit the applicability to project classifications, as it may deem
81 appropriate. The maximum amount of generating capacity eligible for net metering by a
82 municipality or other governmental entity shall be 10 megawatts. For the purpose of calculating
83 the aggregate capacity, the capacity of a solar net metering facility shall be 80 percent of the
84 facility's direct current rating at standard test conditions and the capacity of a net metering
85 facility that is not a solar net metering facility shall be the nameplate rating.

86 SECTION 5. Section 139 of said chapter 164, as so appearing, is hereby further amended
87 by adding the following subsection:-

88 (j) An operational net metering facility eligible under sections 138 and 139 of this chapter
89 shall continue to be eligible to receive net metering credits as otherwise provided under this
90 section if it has received a cap allocation prior to the date of notification by the department of
91 energy resources that 1,600 MWs direct current of solar generation has been qualified under
92 subsection (g) of section 11F of chapter 25A. Provided, however, at the expiration of twenty
93 years from the date upon which the net metering facility was authorized to interconnect by the
94 distribution company, said net metering facility shall accrue market-based net metering credits.

95 SECTION 6. The department of energy resources shall issue public notice upon the
96 qualification of 1,600 MW direct current of solar generation under subsection (g) of section 11F
97 of chapter 25A.

98 SECTION 7. The incentive program developed pursuant to Section 1, and the provisions
99 of Section 3 shall take effect upon the date of notification by the department of energy resources,

100 pursuant to section 6 of this act, that 1,600 MW direct current of solar generation has been
101 qualified under subsection (g) of section 11F of chapter 25A.

102 SECTION 8. An operational facility previously eligible under sections 138 and 139 of
103 chapter 164 of the General Laws or qualified as a renewable generating resource for a program
104 under subsection (g) of section 11F of chapter 25A shall not lose said eligibility or qualification
105 so long as it remains in compliance with applicable eligibility or qualification requirements.

106 SECTION 9. The invalidity or unenforceability of any provisions of this act shall not
107 affect the validity or enforceability of any other provision of this act, which shall remain in full
108 force and effect.