

JOINT COMMITTEE ON TELECOMMUNICATIONS, UTILITIES, AND ENERGY

BILL SUMMARY

BILL NO. H.3520

TITLE: An Act facilitating distributed energy resources in the commonwealth

SPONSOR: Representative Jack Patrick Lewis

COMMITTEE: Telecommunications, Utilities, and Energy

HEARING DATE: October 9, 2025

PRIOR HISTORY: *New bill*

CURRENT LAW:

Chapter 40 of the MGL pertains to the powers and duties of cities and towns in the commonwealth.

Section 6 of Chapter 62 of the MGL pertains to income tax credits.

Section 6 of Chapter 25A of the MGL pertains to the powers and duties of the Department of Energy Resources (DOER).

Chapter 164 of the MGL pertains to the Department of Public Utilities (DPU).

Section 6 of Chapter 64H of the MGL pertains to tax exemptions for retail sales of certain tangible personal property.

Section 139 of Chapter 164 of the MGL pertains to the commonwealth's rules regarding net metering, including Class I, II, and III facilities, net metering tariffs, and limits on aggregate capacity.

SUMMARY:

SECTION 1

Adds a definition for "smart residential solar permitting platform" to a new Section 1C of MGL c.40.

SECTION 2

No later than July 1, 2027, this legislation requires the permit granting authority of a city or town to allow for electronic submission of the permit application and associated documentation for the installation of residential solar photovoltaic (PV) systems – which may include an energy storage system – a main panel upgrade, and/or a main breaker derate. All required permitting documentation shall be published on the permit granting authority's website. Upon submission of the application, the application shall be deemed complete if, after five business days, the permit granting authority does not issue a written correction notice requesting additional information.

An application shall be deemed as approved if ten business days after the application was deemed complete have passed and the following are true:

- The permit granting authority has not administratively approved the application
- The permit granting authority has not denied the permit
- The permit granting authority may use an automated permitting platform that verifies code compliance and issues permits in real time.

The permit granting authority may use a smart residential solar permitting platform, as defined in Section 1 of this legislation, to satisfy the requirements outlined in the new MGL c.40 Sec 70 created by Section 2 of this legislation.

This legislation also directs the permit granting authorities of cities and towns with populations greater than 5,000 people to implement a smart residential permitting platform, which should have the capability to process at least 75% of residential solar applications on existing construction submitted to municipalities in the commonwealth. Solar PV systems approved by such platforms will not require a manual review at any time during the permitting and inspection process.

- Municipal permit granting authorities may seek an exemption from this requirement by making a written finding that they are unable to adopt a smart residential permitting platform due to unique technical, climactic, geological, seismological, or topographical conditions. The municipality must then adopt a resolution or ordinance based on the finding, which may stay in effect for no later than 1 year before needing to be extended. The resolutions or ordinances seeking exemptions must include a plan for the municipality's permit granting authority to approve all residential solar PV permit applications or issue a written correction notice within 5 business days.
- Municipalities may continue to adopt resolutions or ordinances extending their exemptions from the smart residential permitting platform requirement so long as each resolution or ordinance is adopted within the last 3 months of the effective date of the resolution or ordinance. These resolutions or ordinances providing and extending exemptions must be submitted to DOER as part of this legislation's compliance reporting framework.

Within 60 days of coming into compliance with the implementation of this permitting platform, municipalities must submit a compliance report to DOER. DOER will then determine if the municipality's compliance report is accurate, and may make such findings publicly available and take action at its own discretion to enforce and encourage compliance. Municipalities must self-certify compliance with this legislation's permitting platform requirements when applying for DOER funding after July 1, 2027. DOER may, at its discretion, condition or deny a municipality direct funding from any of its agency programs for non-compliance.

Municipalities must submit annual reports to DOER on their usage of the smart residential solar permitting platform. Reports covering the previous calendar year must be submitted by April 1st of each year, with first reports due on April 1, 2028. This annual reporting requirement will end on April 1, 2037. DOER may set guidelines for these reports, which must include the following information:

- Any ordinances or resolutions in effect that exempt the municipality from the permitting platform requirement.
- If no exemption:
 - Number of permits issued through the platform, and relevant characteristics of those systems
 - Number of residential solar PV permits issued by means other than the permitting platform, and relevant characteristics of those systems
 - Software used for compliance
 - Confirmation that the municipality's permitting platform is issuing permits and permit revisions instantly, and is not requiring manual review at any time during the permitting and inspection process
 - Outline the municipality's plan to increase usage of the permitting platform if fewer than 75% of residential solar PV permits are issued through the permitting platform on existing construction

On or after July 1, 2027, municipalities with populations of more than 5,000 residents must provide an option for remote inspections, recorded via video or photo, that can be submitted electronically for projects permitted by the smart residential solar permitting platform. Such inspections must be offered at no greater cost and with no greater delay than in-person inspections.

Municipalities shall require no more than one inspection for projects permitted through the permitting platform, unless the first inspection was failed.

Electric distribution companies (i.e. electric utilities, or EDCs) cannot require inspections performed by themselves or other entities as a precondition to granting the customer permission to operate if such inspections are additional to the inspection performed by the municipal permit granting authority.

SECTION 3

Increases the tax credit that owners or tenants of residential property are allowed for spending on renewable energy source properties. In current statute it's 15% of the net expenditure of a renewable energy source property or \$1,000, whichever is lesser. This legislation increases the figure to 15% of the net expenditure or \$7,500, whichever is lesser.

This legislation also requires that, starting in taxable years beginning on or after January 1, 2027, if the amount of the tax credit allowed for spending on residential renewable energy projects exceeds the taxpayer's liability for the year, and if the taxpayer meets criteria for being a low- or moderate-income household or residing in an environmental justice population, then the excess will be treated as an overpayment of tax to be credited or refunded (with no interest).

SECTION 4

Directs DOER to develop and promulgate a requirement that parking lots 16,000 square feet or larger that are constructed or significantly renovated on or after January 1, 2028 must install a solar canopy. This requirement will be developed in consultation with MassDOT, the state Board of Building Regulations

and Standards (BBRS), and local zoning and planning boards. DOER may establish criteria for exemption from this requirement and may allow exemptions for affordable housing developments.

SECTION 5

Clarifies that no right to exclusive utility service or franchise established in MGL c.164 may prevent a municipality, agencies of the commonwealth, or private electric customers working in coordination with a state agency from establishing energy microgrids or district energy systems; sharing electric generation or storage resources among facilities that are contiguous and owned by the same utility customer, irrespective of the number of electric meters installed at such facilities or; using public rights of way to conduct electrical conduit or other energy resources point to point in cases where the municipality has determined there is benefit to sharing such resources.

SECTION 6

Requires the DPU to direct the EDCs to update their interconnection tariffs no later than 180 days after this legislation's enactment to require a process to determine whether a project application being considered for interconnection within a group study has sufficient available hosting capacity when considered as an individual project. Projects that are determined to have sufficient available hosting capacity must be granted Interconnection Service Agreements.

The EDCs' interconnection tariffs must also be updated to allow inverter-based generating facilities with hosting capacities of 25kW or less to apply for interconnection under the simplified interconnection process established by the DPU.

The EDCs cannot impose study or transformer fees for behind-the-meter simplified interconnection applications of less than 25kWs.

Also directs the DPU, in consultation with the EDCs, to develop a common application for interconnection to the distribution grid, regardless of compensation type or program.

SECTION 7

Adds the sales of equipment directly relating to energy storage systems being used as a primary or auxiliary power system for the purpose of heating or otherwise supplying energy needs in the commonwealth to the list of sales tax exemptions under MGL c.64H.

Also clarifies that the sale of equipment related to solar, wind-powered, or heat pump systems are exempt from the sales tax under c.64H if they are used as primary or auxiliary power systems for the purpose of heating or serving energy needs in the commonwealth, not just heating or serving the energy needs of an individual's principle residence, as is currently required in the statute.

SECTION 8

Clarifies that Class I net metering facilities under 25kWs, are exempt from both the public and private net metering caps, as outlined in MGL c.164 Section 139(f).

SECTION 9

Clarifies that a Class I net metering facility over 25kWs, a Class II net metering facility, or a Class III net metering facility with an executed interconnection agreement with an EDC on or after January 1, 2021 are exempt from both the public and private net metering caps, as outlined in MGL c.164 Section 139(f). Such facilities may net meter and accrue Class I, Class II, or Class III market net metering credits if they are generating renewable energy and serve on-site load other than parasitic or station load.