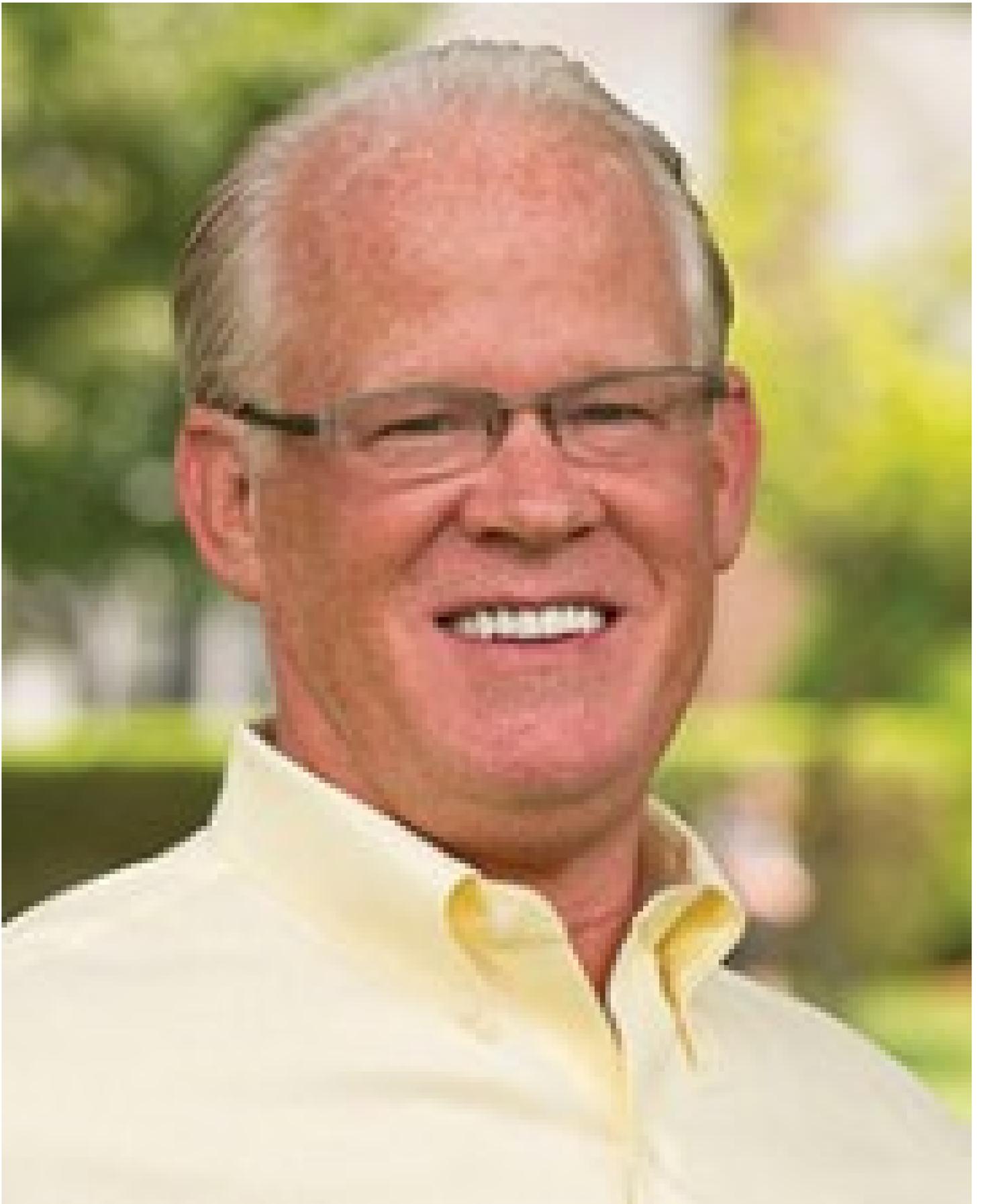




nerej

Considering an energy project in 2018? Then it's time to get moving! - by Craig Huntley

January 05, 2018 - Green Buildings



Craig Huntley
Solect Energy

Its 2018! How did that happen so quickly? The beginning of the year is a great time to take stock of your priorities and set your game plan for the coming year. Last month we provided an outline of how to conduct a broader evaluation of your energy needs. If that evaluation guided you towards a solar energy system as a way to reduce your costs, then now is the perfect time to start planning your approach. There are some important program changes and deadlines in 2018 that you should be aware of. Today we will look at Massachusetts, Rhode Island and Connecticut to better understand their incentive programs, major changes, and important milestones.

All three states incentivize solar energy with a combination of different programs. However there are a number of incentives that can be applied in all three; the most obvious being the 30% federal investment tax credit and accelerated depreciation. Connecticut and Rhode Island all also offer Commercial Property Assessed Clean Energy (C-PACE) programs today, and the program in Massachusetts is in progress. C-PACE is a method of financing and expanding renewable energy and energy efficiency in commercial buildings and large family residences. A PACE agreement covers 100% of the initial renewable energy (such as solar) costs and is then paid for through a voluntary betterment assessment on the property tax bill. Beyond these common set of incentives, each state has a slightly different core incentive program with different milestones.

In Massachusetts, the state's primary incentive program is undergoing a major change for 2018. The successful but somewhat complicated SREC program will be evolving into the Solar Massachusetts Renewable Target (SMART) program which is based on a feed-in-tariff (FIT). The FIT is an established price for solar energy, paid monthly by your utility, with "adders" to provide extra incentives for special categories like low-income housing, solar canopies and energy storage projects. The state will continue to execute and provide incentives for projects that were completed during the SREC program, but new projects just getting started now will likely go into the new SMART program. The tentative date for the start of SMART is end of June. At this point, if you are considering a solar energy project, you may still have time to complete it under the SREC program, but you'd have to commit to a project immediately. Otherwise, it would make sense to look at the SMART program and understand the different "adders" and how they would fit with your specific project.

In Rhode Island, there are two primary incentive programs. The Renewable Energy Growth program, offered by the state's electric utility National Grid, allows solar customers to enter into a 20-year, feed-in tariff agreement with the utility. This program offers compensation to solar array owners for the electricity produced from their system(s) which is fed directly into the grid.

The state-sponsored Renewable Energy Fund (REF) provides grants and loans to Rhode Island property owners who are looking to go solar. Interested array owners can apply to have their project partially financed through this fund. Under the REF program, awards are given based on the technical and financial feasibility of a project, cost per kilowatt hour (kWh) of energy produced, anticipated amount of renewable energy related benefits (job creation, environmental benefits, etc.), and the experience of the solar provider's project team.

In Connecticut, the primary program is the Zero Emission Renewable Energy Credits (ZREC) Program. The ZREC program is administered as an annual Request For Proposal (RFP) where each bidder submits a price for which they agree to sell RECs for a 15-year term. (A REC is generated by the production of 1,000 kWh of solar electricity.) The utilities award lowest-price qualified bidders until all the funding is allocated. Annual funding for the ZREC program is projected to be sufficient to install about 100 MW of solar per year. For 2018, the RFP bid dates for mid-to large projects have not yet been announced. However in 2017, the auction was in June with a follow-up auction for additional capacity in October. We are assuming the June deadline will be similar for 2018 and this means projects should get started now if they want to qualify. For smaller projects (approximately 100 kW and below) the bid will open in February and remain open until funds are exhausted.

Typically at this time of year, we in the Northeast are thinking about the sun, but it's usually a trip to somewhere warm. However, January is a great time to think about the sun in terms of solar energy because it's a good time to start projects if you want to meet upcoming 2018 deadlines and qualify for annual tax credits. It is also a great time to reach out to solar energy providers as they are not yet in the busy construction period when the weather turns nice. We all need some sun at this time of year, and solar energy is a great way to get it.

Craig Huntley is founder and chief development officer at Solect Energy, Hopkinton, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540