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Commercial property owners poised to benefit from latest MA Solar Incentive program

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Solar in Massachusetts just got stronger! On April 25, the MA Department of Energy Resources (DOER) officially presented its newest solar energy program, commonly referred to as SREC II (pronounced "S" "REC" "TWO"). The state has quadrupled its initial goal of having 400 Megawatts (MW) of solar systems installed to now 1,600 MW. The much awaited program will continue to incent businesses and organizations to install solar and reap its many environmental and financial benefits.

The SREC II program provides financial incentives to owners of solar photovoltaic (PV) systems based on the amount of electricity the system produces. For every 1,000 kWh (kilowatt hours) of solar electricity produced, the owner of the system will receive a certain number of Solar Renewable Energy Certificates (SREC). These SRECs can then be ultimately sold to the utility companies (and others) in the state to help them reach their state mandated goals. The SREC II program brings some changes and three areas worth noting are:

- 1) Market Sectors - All solar projects are not considered equal in the program! The state has identified four (4) market sectors and provided different incentives accordingly. Three of the sectors are specifically defined and the fourth is a "catch all" for any system that does not fit into the first three. The state's goal is to better manage and incent where solar is being installed.
- 2) SREC Factors - Each market sector has a different "factor" that is used to calculate the number of SRECs a system owner will receive. The factors range from .7 to 1.0 - i.e. a system with an SREC factor of 1 will receive 1 SREC for every 1,000 kWh's of production each quarter. Qualifying for a certain SREC factor will be a key decision for a project owner due to the financial impact.
- 3) 10 Year Term - All systems that qualify under the program will receive a 10 year term in which they can participate in the annual SREC auction. The auction price will decrease per a set schedule over the term. The fixed term and published schedules will help project owners and lenders to model and evaluate financial performance.

These three areas are major influences on the types and number of solar energy systems that will be installed in Massachusetts over the coming years. In addition to the state sponsored SREC II program, the federal government still offers a 30% Investment Tax Credit (ITC) and accelerated depreciation for solar. Talking with an experienced solar developer can help you understand the programs and incentives in more detail and determine if solar might be a fit for your business.

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