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## Massachusetts' new solar program brings additional benefits for building owners - by Craig Huntley

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Massachusetts is about to reinvent its solar energy programs. The Solar Massachusetts Renewable Target (SMART) program is scheduled to “go live” on November 26th. In the solar energy industry, this new program has been widely anticipated but its benefits are still a bit of a mystery for those on the outside. So what kind of impact or opportunities will the SMART program bring to the real estate industry?

First a bit of background. SMART replaces the former “SREC” programs that were successful in launching the solar market in Massachusetts and helped to establish our state as 6th in the nation\* for solar energy installation. With all its positives, the SREC approach was somewhat complicated, depending as it did on an auction mechanism that requires professional traders to obtain optimum pricing. The program also required that a solar energy system be tied to a unique and specifically identified offtake (energy consumer), which created challenges for multi-tenant occupied buildings. The SMART program uses a much simpler “feed in tariff” that makes it much easier to understand and predict your revenues.

Here are a few key takeaways to keep in mind when thinking about how you might take advantage of this new program.

SMART is much more attractive for tenant occupied buildings: Under SMART, building owners will now have the ability to install “standalone” systems where you can sell the power directly to the utility and receive the full program incentive for 20 years, no additional “off-takers” for the energy are required. Simply put, solar energy can now work for almost any building, parking lot, or vacant land (with the proper zoning).

SMART provides more flexibility: In addition to having the option of whether to install a stand-alone or behind-the-meter system (or in some cases, both!) building owners also have more ownership and financing options under SMART. Building owners can choose to purchase a system outright

and take advantage of the 30% Investment Tax Credit and benefit from a fixed monthly income for 20 years, or they can opt to “lease their roof” to a third party who will install, finance and operate a system at no cost. Typically a site lease will be a 20 year agreement where you have the option to receive payments over the entire period, or in certain circumstances, payment can be made upfront.

Early Movers will be Rewarded: The SMART program is a “declining block” program where the incentive will decrease as the blocks are filled. This means early movers will receive a better incentive. In addition, the Federal Investment Tax Credit will start to decline over time, starting in 2020. Although its clear solar energy systems will still be very attractive throughout the life of the program, earlier movers will get the best terms.

SMART Provides Additional Incentives: The SMART program has a number of different “adders” to the base rate that will increase the incentive. These range from adders for low income properties to energy storage. These adders are designed to make sure that a wide variety of stakeholders are receiving the benefits of solar energy but also to promote new technologies and approaches like energy storage. For building owners with high demand charges or who are looking to increase their resiliency, energy storage is an effective solution.

If you’d like to learn more about your options under the SMART program a qualified solar provider can help you assess the options that would be a good fit. But keep in mind the more quickly you act, the better the incentive.

\*SEIA US Solar Installations - March 2018

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