

MASSACHUSETTS SOLAR INCENTIVES

Your Complete Guide for 2026 & Beyond

Residential | Commercial | FAQ



Massachusetts is one of the best states in the country to go solar — not because of the sunshine, but because of the money. Between state programs, utility incentives, and tax breaks, the Commonwealth has built one of the most powerful incentive packages in the nation. This guide breaks down everything you need to know, whether you're a homeowner or a business owner.

The Massachusetts Incentive Stack

Here is every program available to solar owners in Massachusetts in 2026. Most of these can be stacked — meaning you benefit from more than one at the same time.

1. SMART Program (Solar Massachusetts Renewable Target)

The SMART program is the backbone of Massachusetts solar. It pays you a fixed rate per kilowatt-hour for every unit of electricity your system produces — not just what you send back to the grid, but every single kWh generated. Payments come directly from your utility (Eversource, National Grid, or Unitil) each month.

Important: SMART operates on a declining block structure. The incentive rate is highest for early applicants. As more solar capacity fills each block, the rate steps down for new enrollees. Acting sooner locks in a better rate for the life of your agreement.

2. Net Metering

Net metering is a billing arrangement where any excess electricity your solar panels send back to the grid earns you credits on your electric bill. When the sun isn't shining, those credits offset what you pull from the grid. Credits never expire — they roll over month to month, so strong summer production helps carry you through winter.

Double Benefit

You can receive both SMART production payments AND net metering credits at the same time.

This means you are effectively benefiting twice from every kilowatt-hour your system generates.

3. Massachusetts State Tax Credit

Massachusetts offers a 15% state income tax credit on your solar system cost, up to a maximum of \$1,000. This is applied directly to your Massachusetts state tax return. Your system must be installed on your primary residence to qualify.

4. Solar Sales Tax Exemption

Massachusetts exempts all solar equipment from the state's 6.25% sales tax. You pay nothing extra at the point of purchase — the savings are built in from day one.

5. Solar Property Tax Exemption

Under Massachusetts law, your solar system is 100% exempt from local property taxes for 20 years — even though it increases the market value of your home or building. Your property goes up in value. Your property tax bill does not.

6. Battery Storage Incentives (ConnectedSolutions)

ConnectedSolutions is a performance-based program that pays homeowners and businesses for sharing stored battery energy with the electric grid during peak demand periods. By allowing utilities like Eversource and National Grid to draw on your battery during high-stress events, you earn annual payments based on your contribution.

Program Detail	Details
Season	June through September
Peak Hours	3:00 PM – 8:00 PM
Payment Rate	Approx. \$275 per kW dispatched
Who Qualifies	Residential and commercial battery storage owners
Utilities	Eversource, National Grid, Unitil

How It Works: Residential Homeowners

A plain-English guide to going solar on your home in Massachusetts

Going solar as a homeowner in Massachusetts is one of the smartest financial moves you can make right now. The state has designed its programs to be stackable, meaning multiple incentives work together at once to maximize your savings. Here is how everything flows from installation to paycheck.

Step-by-Step: From Installation to Savings

1. You install solar panels on your home.

A licensed installer designs a system sized to your electricity usage, submits your SMART application to lock in your incentive rate, and handles all permitting and utility interconnection paperwork.

2. Your system starts producing electricity.

Most residential systems are grid-tied. When your panels produce more than you are using, the excess flows back to the grid and you earn net metering credits on your electric bill.

3. You start earning from two streams at the same time.

Every month, you receive a SMART payment from your utility based on total production. For residential systems under 25kW, these payments continue for 10 years. At the same time, net metering credits reduce your electric bill.

4. You claim your tax credit at the end of the year.

At tax time, claim the state's 15% credit (up to \$1,000) on your Massachusetts return. Note: The federal 30% residential tax credit expired December 31, 2025 for outright purchases. However, if you go solar through a lease or PPA, the installer still qualifies for the federal commercial credit — and can pass those savings to you through lower monthly payments.

5. Optional but powerful: add a battery.

Batteries qualify for the 15% state credit on top of the solar cost, plus a SMART storage adder that increases your per-kWh payment rate. Enroll in ConnectedSolutions and your battery becomes a revenue-generating asset — not just backup power.

What Does It Cost — and When Do You Break Even?

A typical Massachusetts residential system pays for itself in roughly 6 to 7 years.

After your payback period, the system continues generating significant savings over its remaining 18+ years of useful life.

Most homeowners save well over \$100,000 over the life of their system when all incentives are combined.

Residential Incentive Summary

Incentive	Benefit	Duration
SMART Program	Monthly cash payments	10 years
Net Metering	Bill credits (rolls over)	Ongoing
MA State Tax Credit	15%, up to \$1,000	One-time
Sales Tax Exemption	6.25% savings on equipment	At purchase
Property Tax Exemption	No tax increase on added value	20 years
ConnectedSolutions	~\$275/kW per year	Annual program

How It Works: Commercial Properties

Solar for businesses, landlords, nonprofits & property owners

Commercial solar in Massachusetts is a different animal — larger scale, longer payback horizons, and more moving parts. But the incentives are arguably even stronger, and the financial case is compelling for most businesses, nonprofits, and property owners. Here is how it all works.

The Commercial Advantage

SMART Program — Extended Term for Commercial

Commercial systems greater than 25kW enrolled in the SMART program receive guaranteed monthly production payments for 20 years — double the residential term. That is two decades of predictable, locked-in income from the electricity your building generates.

Businesses can also earn higher rates through adders — bonus per-kWh payments for things like adding battery storage, building on a brownfield or contaminated site, installing a solar canopy over a parking lot, or low-income housing properties. These adders can significantly increase the value of your SMART agreement.

Federal Investment Tax Credit (ITC) — Still Fully Available

Unlike the residential credit, the federal ITC remains fully intact for commercial solar. Commercial property owners and businesses can claim a substantial percentage of their total system cost as a federal tax credit. The SMART program is specifically designed to work alongside the federal ITC and MACRS accelerated depreciation — allowing businesses to stack multiple financial benefits.

What is MACRS Depreciation?

MACRS (Modified Accelerated Cost Recovery System) allows businesses to depreciate solar equipment over 5 years on their federal tax return.

This means recovering a large portion of the system cost through tax deductions in the first few years — dramatically improving the total return on investment.

Combined with the ITC, MACRS can offset a significant share of the total project cost.

Net Metering for Commercial

Commercial customers benefit from the same net metering framework as homeowners. Excess power sent to the grid earns bill credits that roll forward to reduce future charges. For businesses with high daytime electricity usage — such as manufacturing, retail, or office facilities — solar can directly offset some of the most expensive electricity on the bill.

PPAs and Leases: The Path for Nonprofits & Tax-Exempt Entities

Nonprofits, municipalities, and public entities are highly encouraged to participate in the SMART program. Since nonprofits cannot directly use the federal ITC, SMART's cash payments are a vital financial tool for making solar viable for these organizations.

A Power Purchase Agreement (PPA) allows a nonprofit to host solar panels on its building with zero upfront cost. The installer owns the system, takes the federal tax credits, and sells the electricity to the nonprofit at a below-market rate — resulting in immediate energy savings with no capital outlay.

Battery Storage at the Commercial Scale

ConnectedSolutions is not just for homeowners. Commercial battery systems can participate in demand response programs, earning annual payments while helping stabilize the grid during peak periods. For businesses already paying high demand charges, battery storage can also provide significant additional monthly bill savings by shaving peak usage — improving the ROI of the storage investment on its own.

Commercial Incentive Summary

Incentive	Benefit	Duration
SMART Program	Monthly production payments	20 years
Federal ITC	Tax credit on system cost	One-time (at filing)
MACRS Depreciation	Accelerated tax deductions	5-year schedule
Net Metering	Bill credits (rolls over)	Ongoing
Sales Tax Exemption	6.25% on equipment	At purchase
Property Tax Exemption	No increase on added value	20 years
ConnectedSolutions	~\$275/kW per year	Annual program
Nonprofit / Public Adder	Bonus SMART rate	20-year term

Bottom Line for Businesses

Solar in Massachusetts is not just a sustainability statement — it is a financial strategy.

Between 20 years of SMART payments, federal ITC and depreciation benefits, net metering credits, and battery incentives, most commercial properties can significantly reduce their energy costs while generating a strong return on a capital investment.

Frequently Asked Questions

We have compiled the questions we hear most often — from first-time homeowners to commercial property owners. If you do not see your question here, reach out and we will be happy to help.

General Questions

Q: Is the federal solar tax credit still available in 2026?

A: It depends on how you go solar. For homeowners who purchase a system outright, the federal residential tax credit (Section 25D) expired on December 31, 2025. However, for lease and PPA customers, the installer qualifies for the commercial version of the federal credit (Section 48E) through 2027 — and typically passes those savings to you through lower monthly payments. Commercial property owners purchasing systems can still claim the full federal ITC.

Q: Can I stack multiple incentives at the same time?

A: Yes — and this is one of Massachusetts's biggest advantages. Most programs are designed to work together. For example, a residential customer can simultaneously receive SMART monthly payments, net metering bill credits, the state 15% tax credit, and the property and sales tax exemptions. A commercial customer can layer SMART, the federal ITC, MACRS depreciation, net metering, and ConnectedSolutions all at once.

Q: What is the SMART declining block, and why does it matter to me?

A: The SMART program is divided into capacity blocks. Each block has a set incentive rate — the earlier blocks have higher rates. Once a block fills up with enrolled systems, a new block opens at a slightly lower rate. This means the sooner you enroll, the better your locked-in rate will be for the entire 10 or 20-year term of your agreement.

Q: How long does the whole process take from start to installation?

A: On average, the process from signed contract to energized system takes between 2 and 4 months. This includes system design, permitting (usually 2–6 weeks), utility interconnection approval, and installation itself (typically 1–3 days on-site). SMART enrollment happens during this process so your rate is locked before you go live.

Residential Questions

Q: Will solar actually increase my home's value?

A: Yes. Studies consistently show that solar homes sell for more than comparable non-solar homes — and in Massachusetts, that increased value is exempt from property taxes for 20 years under state law. You get the financial benefit of higher home value without the higher tax bill.

Q: What happens to my SMART payments if I sell my home?

A: SMART agreements are transferable to the new homeowner. When you sell, the remaining years of SMART payments can be transferred as part of the home sale — which can actually be a selling point and add to the

home's value.

Q: What if my roof is not ideal for solar?

A: Roof orientation, angle, and shading all affect solar production, but many homes that initially seem less than ideal can still support a productive system. We perform a full site assessment before recommending a system. In some cases, a ground-mounted system on your property may be a better alternative. Community solar is also an option for households where rooftop installation is not practical.

Q: Do I need a battery to go solar?

A: No. Most Massachusetts homeowners go solar without a battery and still benefit significantly from the incentives. A battery is an optional upgrade that adds backup power capability during outages and unlocks the ConnectedSolutions incentive payments. We can help you evaluate whether the added cost makes financial sense for your situation.

Q: What is net metering and will I actually see it on my bill?

A: Yes. Net metering shows up directly on your electric bill as a credit. When your system produces more than your home uses, the excess is measured and credited to your account at the full retail electricity rate. Those credits roll forward each month and never expire, so summer overproduction offsets winter months when your panels produce less.

Commercial Questions

Q: Our organization is a nonprofit. Can we still benefit from solar?

A: Absolutely — and Massachusetts has specifically designed the SMART program to include a nonprofit and public entity adder that gives tax-exempt organizations a higher per-kWh payment rate. Since nonprofits cannot use the federal ITC directly, a PPA structure allows a developer to claim the credit and pass savings to you through below-market energy rates. Many nonprofits go solar with zero upfront investment.

Q: What is the difference between buying, leasing, and a PPA for our business?

A: Purchasing outright gives you ownership, maximum long-term savings, and eligibility for all tax incentives including the ITC and MACRS depreciation. A lease involves fixed monthly payments and no ownership, but requires no capital investment. A PPA means you pay per kilowatt-hour at a contracted rate — typically below

your current utility rate — with no upfront cost and no ownership. The right structure depends on your organization's tax position and capital availability. We will walk you through all three.

Q: How does MACRS depreciation work and how much can we recover?

A: MACRS allows your business to depreciate solar equipment over a 5-year schedule on your federal tax return, even though the equipment lasts 25+ years. Combined with the federal ITC, businesses can often recover a substantial portion of total system cost within the first few years through tax benefits alone — dramatically improving the project's net economics.

Q: Can solar help reduce our demand charges, not just our energy charges?

A: Yes, especially when paired with battery storage. Demand charges on commercial bills are based on your highest 15-minute interval of usage during a billing period. A battery system can detect and reduce those spikes, lowering the demand charge portion of your bill. This is in addition to the energy savings from solar production and the ConnectedSolutions payments you earn for grid participation.



Ready to See What Solar Looks Like for You?

Whether you are a homeowner curious about your roof's potential or a business owner ready to run the numbers, we are here to walk you through every step. The incentives are real. The savings are real. And the sooner you lock in, the better your rate.

Get Your Free Solar Assessment Today

