

May 3, 2024

Sent by email to DOER.CPS@mass.gov

Attn: Samantha Meserve
Massachusetts Department of Energy Resources
100 Cambridge Street, 9th Floor
Boston, MA 02114

SUBJECT: Comment on Massachusetts Clean Peak Standard Review Questions

Dear Ms. Meserve;

Plus Power extends its appreciation to the Department of Energy Resources (DOER) for the opportunity to comment on questions posed about the program design of the Clean Peak Standard, issued on March 25, 2024. Plus Power is a leading developer, owner, and operator of standalone battery energy storage with a facility in development in Carver, Massachusetts.

Plus Power supports the Clean Peak Standard design and finds that it is a highly attractive revenue mechanism to incent the deployment of standalone battery storage while creating a competitive, market-based process designed to maximize cost-effectiveness for ratepayers. Plus Power suggests that if there is a concern about increasing eligible supply, then supply to the program could increase by MA DOER directly offering direct, long-term CPEC procurement contracts, which could increase the number of eligible transmission-connected resources.

1. How could the Clean Peak Energy Standard (“CPS”) Program be improved to better contribute to achievement of the 2050 GWSA mandates? Please include details and any supporting data and analyses.

The design of the Clean Peak Energy Standard (“CPS”) Program is good and does not need modifications. Plus Power is experiencing few challenges in working with financiers to invest in anticipated revenue from Clean Peak Energy Credit (CPEC) trading. The current limited number of eligible battery storage resources is likely due more to siting and permitting challenges in the Commonwealth, and not necessarily the design of the Program.

Battery storage developers who have designed systems in anticipation of CPS energy credit revenue are depending on regulatory certainty and consistent ongoing rules for this

program. Some projects have been in development for many years to serve the program. Therefore, major modifications to the program design at this time could present economic risks to those early projects. Damaging those early projects could then threaten the success of many Commonwealth policies and initiatives, including the future success of the Clean Peak Standard, the Commonwealth's Energy Storage Initiative and energy storage target of 1000 MWh by 2025, and the Commonwealth's climate policy target of 50% reduction in emissions by 2030.

2. What are the costs and benefits of participating in the CPS program?

Although we anticipate that the program will impose additional operating costs from transmitting energy production data to the Administer when our facility is operational in the Program, we anticipate it to be de minimis and not burdensome. However, the benefit of anticipated Clean Peak Energy Credit revenue is of substantial importance to project economics of battery energy storage.

3. Has the CPS incentive had an impact on the decision of system owners to invest in CPS eligible technologies? Why or why not?

The anticipated CPS incentive has absolutely influenced system owners to invest in CPS-eligible technologies because it recognizes a distinct service from batteries and remunerates for those services. Plus Power would not have invested millions in the Commonwealth without the incentive adding to the anticipated market economics of operating a battery storage system in ISONE, due to the present costs of developing a battery storage system.

One of the barriers to storage deployment is the nascent state of state or regional policies that recognize and remunerate for the different services offered by battery storage. We believe that the Massachusetts Clean Peak Standard is an innovative new program that can incent flexible resources, such as battery energy storage, to help deliver clean energy resources at the daily peak in order to reduce reliance on fossil fuel peaker plants. The program is a step in the right direction to articulate and compensate for another of the many specific services that battery storage can offer the market.

4. Please describe the portfolio of projects you have that you anticipate are within 4 years of commercial operation and that you intend to enroll in CPS. Include as many details as possible, including your projects' anticipated Commercial Operation Dates, power and energy capacities, interconnection level (i.e., front-of-the-meter, behind-the-meter), durations, technology types, intended use cases, locations, and any other pertinent information.

Plus Power's 150 MW / 300 MWh Cranberry Point Energy Storage facility in Carver, Massachusetts will represent approximately one-third of the Commonwealth's energy storage target of 1000 MWh by 2025 when completed in Summer 2025. A two-hour, transmission-connected flexible asset sited at the Eversource Carver substation and in development since 2019, it is strategically sited on a major transmission line that will integrate future offshore wind projects near Cape Code and Rhode Island, thus helping to mitigate future anticipated

transmission congestion. The battery station will also help replace some of the capacity of two important, nearby conventional power plants, namely: 1) the retired 677 MW Pilgrim nuclear power plant, and 2) the 1,400 MW Mystic gas generation facility, of which the Cranberry Point battery represents 10% of the gas facility's capacity. The facility's planned use of Tesla Megapack 2 Lithium Iron Phosphate batteries will enable responses to grid needs in 250 milliseconds—literally in the blink of an eye—a faster reaction than any conventional power plant.

When operational in June 2025, Plus Power will enroll this emissions-free asset in the CPS program to support the Commonwealth's objective of shifting clean resources to the daily peak period. The facility won a seven-year contract with the Independent System Operator of New England in the Forward Capacity Auction of February 2021. The facility will also perform energy arbitrage in the market, absorbing energy when prices are low in order to discharge when prices spike, thus helping to mitigate costly price shocks for ratepayers.

5. Are the CPS Resource eligibility criteria appropriate? If any criteria pose a barrier, please describe and provide recommended mitigation strategies.

The existing CPS resource eligibility criteria are appropriate.

6. Are CPS application processes and requirements clear? Is communication between applicants, the CPS Program Administrator, and DOER clear and effective? Please describe any improvements you believe could be made to the CPS application process.

Although Plus Power's system is not yet active in the program, the CPS application processes and requirements, along with communication with the CPS Program Administrator, appear clear and straightforward.

7. Are CPS Program compliance requirements clear prior to program enrollment? If any requirements are unclear, please describe and recommend clarifying language.

The CPS Program compliance requirements appear clear and straightforward.

8. What modifications to CPS Multipliers, Minimum Standard, ACP Rate, and Seasonal Peak Periods as currently set forth in 225 CMR 21.00, if any, are needed? Please describe in detail and provide any supporting data and analyses.

Plus Power seeks no modifications.

9. Please provide any comments on the necessity of, Resource eligibility for, and structure of a CPEC procurement. If in favor of a CPEC procurement, please comment on its timing, in particular if it should occur in parallel with the CPS Review or after, and any considerations DOER should make about the CPEC procurement in light of the CPS Review.

The decision of the program to allow EDCs to contract for Clean Peak Energy Credits resulted in long-term contracts only for distribution-connected resources, due to the execution of such procurement via the EDC tariffs. The Department should consider direct procurement of CPECs from the Department to developers of transmission-connected facilities to help facilitate project financing for more eligible resources.

10. How well does the CPS align with other Commonwealth programs, such as SMART and ConnectedSolutions, to incentivize the deployment of peak reducing resources, and how could program alignment be improved?

Plus Power develops transmission-connected facilities larger than 100 megawatts and has no comment on this question.

11. Are there any Commonwealth policies (e.g., renewable energy goals, land use priorities, codes and standards, etc.) that you believe the CPS program inadvertently conflicts with? Please describe any potential modifications to CPS that would alleviate these conflicts.

Plus Power foresees no conflicts with other Commonwealth policies.

12. Please describe any factors outside of the CPS Program that impact the ability of Resources to enroll or participate in the CPS Program, and any mitigation recommendations you have for DOER.

The major barriers to larger utility-scale battery energy storage deployment in the CPS program are in the challenging siting and permitting of battery storage in the Commonwealth. The Environmental Facilities Siting Board (EFSB) is the optimal agency to review planned wholesale battery storage due to its existing purview of large facilities. Plus Power believes that streamlining siting and permitting barriers would enable the program to experience growth in the supply of eligible resources.

13. Is there any additional information you believe DOER should consider in its 2024 CPS Review?

Developers who are investing substantial private equity into the climate and clean peak goals of the Commonwealth need regulatory certainty to maintain confidence.

14. Would any Clean Peak Resources or specific use cases for such Resources be better incentivized by a different program than CPS? If yes, please describe the proposed program and justify why the particular Clean Peak Resources and associated use cases would be better incentivized by such a program, with particular attention paid to added ratepayer benefits.

Plus Power supports the Clean Peak Standard as an innovation mechanism to recognize and reward for the distinct value of storage's ability to shift clean resources to the peak period.

Thank you for the Commonwealth's robust support of battery energy storage and the opportunity to provide comment on the design of the Clean Peak Standard.

Sincerely,

A handwritten signature in cursive script, appearing to read "Polly Shaw".

Polly Shaw
Chief External Relations Officer