

Bay State Hydropower Association Comments

DOER Stakeholder Process

Clean Peak Standard

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 GWSA requires storage to make a low carbon future sustainable and reliable. The CPS has the opportunity to be a major contributor towards this end. There are many potential improvements to the CPS that BSHA would support such as ACP stability, expanding to regional participation or identifying specific development zones. However, a near-term and valuable improvement to the CPS program is to revise the regulations governing the program to focus solely on the storage landscape and allow broader participation of renewable resources including existing resources. Allowing both new and existing resources to contribute, on an equal basis, to solving the energy storage dilemma will accelerate the goals of the GWSA program. Further it can help avoid ACP penalties for delays in development.

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

The benefits of the program are merited and evident. However, participation in the program is falling behind aspirations and this will lead to the costs of a less reliable grid and MA generation profile. Increasing participation should be a major goal of next steps with the program.

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 incentive has not been sufficient for existing hydro plants to participate in the program, due to the regulations’ 0.1x multiplier for existing projects. The colocation requirement for existing generation is also a burden for most existing generators and could be resolved by allowing contractual pairing. Fixing both of these impediments could be resolved via a legislative change.

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.

In 2019, without fully understanding the economically fatal limitations imposed by the colocation limitation imposed on existing generation resources, a subgroup of the members of the Bay State Hydropower Association engaged an engineering firm to help design and site a 20 MW, 80MWh cooperative energy storage facility. Had the colocation requirement and the crippling 0.1x multiplier not been in effect, it is likely that 80MWh storage facility would be operating today, in a location chosen to maximize its benefits to the grid. Though currently mothballed, the plan will likely be resurrected when a more favorable regulatory environment exists.

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

The incentive has not been sufficient for existing hydro plants to participate in the program due to a 0.1x multiplier for existing technologies. Colocation is also a burden and could be resolved through contractual pairing. Fixing both of these impediments could be resolved via a legislative change.

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.

To date, the process has seemed clear and achievable.

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

These are clear with our knowledge to date.

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.

Currently, the 0.1x multiplier applied to existing resources is overly burdensome. Wind and solar projects are being developed in the absence of the CPS program. Hence, if many of these renewable projects are developed anyway, the CPS incentives will be sought principally based on the merits of adding storage. As the CPS program incentives are principally encouraging added storage projects, there is no need to discourage existing projects from adding storage to their facilities when compared to new projects. The 0.1x multiplier should be removed for existing projects.

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.

As is apparent by the lack of program participation, declining ACP values and lack of certainty in long-term credit value are major impediments to encouraging financial investments in the CPS Program. CPEC procurement could be beneficial and BSHA would advocate for two changes to occur in concert with this program. 1) Remove declining ACP values for the program, especially for projects developed in a certain vintage tranche and 2) allow CPEC contracts to be 20yrs or longer to coordinate with project finance lifecycles.

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?

No Comment

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.

No Comment

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.

Interconnection complexity, queues and inefficiencies are major obstacles to building projects at the lowest costs and with the greatest expediency. MA should continue to look for ways to streamline the interconnection process.

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

DOER should support a change in the CPS statute regarding “qualified RPS resource” by removing the counterproductive requirement that a pre-2019 Class I and Class II resource qualifies storage only if the storage is located “at its facility.” While DOER has broad statutory authority to create a regulatory framework encouraging expansion of clean storage, it cannot change this statutory impediment that has discouraged creative

approaches to add new storage capacity, e.g., cooperatively supplied clean power to off-site batteries for dispatch on peak.

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.

No Comment

Respectfully submitted,

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