



May 3, 2024

Samantha Meserve
Director, Renewable and Alternative Energy Division
Massachusetts Department of Energy Resources
100 Cambridge Street
Boston, MA 02114

Re: CPower Written Comments in response to Stakeholder Questions issued on March 25, 2024 in 2024 Clean Peak Energy Standard Review

Dear Ms. Meserve,

CPower appreciates the opportunity to provide comments to the Massachusetts Department of Energy Resources (DOER) as it considers changes to the Clean Peak Energy Standard (CPS).

CPower is a leading Demand Response (DR) and Distributed Energy Resource (DER) Service Provider, with over 6 GW of capacity under management across the nation. CPower was involved in the development of the rules that allowed DR to participate as a Clean Peak Resource and was one of the first Curtailment Service Providers to bring DR to the program. CPower continues to expand its DR portfolio and help its commercial and industrial (C&I) customers to develop on-site storage projects.

As discussed further herein, the CPS provides a critical revenue stream to customers considering investments in storage or other measures that can reduce demand during Seasonal Peak Periods. Below are CPower's responses to select questions posed by the DOER.

Responses



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

Yes, the ability to earn Clean Peak Energy Certificates (CPECs) has helped some C&I customers to make the economic case for investing in behind the storage projects. That said, the lack of certainty on CPEC prices makes it difficult for customers to obtain financing for a battery project based on CPEC revenues. Moreover, many more customers find that even after factoring in estimated CPEC revenues, investments in storage projects still do not make economic sense.

The DOER can address these shortcomings by raising the Alternative Compliance Payment (ACP) (which would result in higher CPEC prices) and fixing CPEC prices for a defined term either through the planned procurement or via some other mechanism. Locking in the CPEC price for 5-10 years would help customer-sited storage projects to obtain financing. This should enable a greater number of storage projects to come online.

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

Yes, the criteria are appropriate. CPower has not encountered any barriers in qualifying the resources it develops for participation as CPS resources.

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.

CPower has experienced a long lag time between project approval and receipt of an SQA. One of the factors that has contributed to this lag is the length of time it takes to receive approval of a registration in the NEPOOL GIS. While we understand the NEPOOL GIS does not come under the DOER's purview, we felt it would be useful to make them aware of the bottleneck that this system can create.



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.

Minimum Standard

The DOER should consider raising the Minimum Standard in the long term to ensure that the Commonwealth's climate goals can be met and that the risk of over-supply does not deter project development.

ACP Rate

CPower recommends raising the ACP to at least \$75. Based on our modeling, this level of ACP would materially improve the economics for customer-sited storage projects, enabling more projects to be developed.

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.

A CPEC procurement could help encourage development of additional Clean Peak resources if structured appropriately. Notably, it could serve as the vehicle for providing certainty on CPEC prices for multiple years; this would enable more resources to be financed and built.

Any CPEC procurement should be divided into two tranches that are procured separately: one tranche for transmission-connected resources, and a second tranche for distribution-connected resources. These two categories of resources provide different types of value streams to the system and have different cost structures; as such it is appropriate to procure them separately. Separate procurements will ensure that larger transmission-connected projects do not crowd out smaller distribution-connected resources.



Finally, the amount of resources procured through any procurement mechanism should be well less than 100% of the requirement to ensure that customers/resource types that are not well suited to offer into a formal procurement can still earn CPEC revenues. A good example of this is demand response resources; many C&I demand response customers may be unable to contract for the multi-year obligations associated with a procurement due to company policies. These resources still provide value to the system and therefore should be permitted to earn CPEC revenues outside of any procurement mechanism.

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?

CPower encourages DOER to continue to allow stacking of ConnectedSolutions revenues with CPEC revenues. Being able to earn these two revenue streams together allows more customers to make the economic case for on-site storage and therefore will result in a more robust behind-the-meter storage market.

Thank you for the opportunity to provide these comments. We look forward to continuing to work with the DOER and stakeholders to ensure the success of the Clean Peak Energy Standard.

Sincerely,

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