



BY ELECTRONIC DELIVERY TO: [DOER.CPS@mass.gov](mailto:DOER.CPS@mass.gov)

May 3, 2024

Ms. Samantha Meserve  
Director of the Renewable and Alternative Energy Division  
100 Cambridge Street, 9<sup>th</sup> Floor  
Boston, MA 02114

**Cypress Creek Renewables Comments – DOER’s Clean Peak Energy Standard Program Review**

Dear Ms. Meserve,

Cypress Creek Renewables (“Cypress Creek”) is providing the following comments in response to the Massachusetts Department of Energy Resources (“DOER”)’s request for comments for the 2024 Clean Peak Standard Energy Standard (“CPS”) Program review. We applaud Massachusetts’ efforts to review the CPS program. Revisions to the program will further position Massachusetts as a national leader in energy storage development, with the opportunity to send strong signals to private industry to invest in the Commonwealth for years to come.

As a member of RENEW Northeast (“RENEW”), Cypress Creek supports the comments of RENEW and submits these comments in addition to those comments with particular emphasis on the need for a joint solicitation among the electrical distribution companies (EDCs) with an increase in market obligation of annual, long-term contracting opportunities.

Cypress Creek is a leading renewables developer and independent power producer. It develops, finances, owns, and operates utility-scale and distributed solar and energy storage projects across the United States with a mission to power a sustainable future, one project at a time. Since inception, Cypress Creek has developed 12GW of solar projects. Today it owns 2.5GW of solar and has a 30GW solar and storage pipeline. Cypress Creek’s leading O&M services business, Cypress Creek Solutions, operates and maintains 5GW of solar projects for customers across 24 states.

**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, Cypress Creek is currently in early stages of development of several stand-alone utility-scale storage projects in the Commonwealth. *These projects will NOT move forward without near-term program changes that provide consistent, and of substantial volume, long-term contracting opportunities through a joint EDC solicitation.* This is a binary risk – developers need a strong base of long-term contracted revenue to finance projects. There is insufficient potential merchant revenue to account for uncontracted revenue.

Cypress Creek recommends an increase to the contract duration to at least 15, or as many as 20 years. Increasing to anything less than 15 years would be of insufficient benefit to a project with a project life of 20 years. This is

due to a substantial reduction in debt term that would significantly impact project economics and, therefore, our ability to finance the project.

On a risk-adjusted basis, a dollar of contracted revenue is worth significantly more than a dollar of uncontracted revenue. Therefore, the revenue requirement on a largely uncontracted asset (e.g., merchant) is going to be higher than a contracted asset which affect the probability of financing and ability of the developer to make the project pencil.

**9. Please provide any comments on the necessity of, Resource eligibility for, and structure of a CPEC procurement. If in favor of a 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.**

Cypress Creek agrees with RENEW that DOER should move forward with a procurement for CPECs as quickly as practicable. We also recommend that the procurement be limited to new, dispatchable resources, including energy storage.

Governor Healey has stated goals to double offshore wind and solar targets and quadruple energy storage deployment. Considering the development timeline for storage resources is at least 3 – 5 years, if Massachusetts was to wait to procure such resources later than early 2025, it will not have a sufficient amount of storage to integrate the high penetration of renewable energy expected to be on the grid. Waiting any longer to procure storage resources could result in exponentially worse congestion on the grid and forgoes near-term opportunities to utilize the flexibility and benefits of energy storage to replace fossil generation and plan the grid that Massachusetts is going to need for the future.

Furthermore, waiting for deployment of renewable energy resources would essentially eliminate the window for the private storage industry to realize new federal tax incentives provided under the Inflation Reduction Act which lower costs to ratepayers.

Massachusetts should recognize and encourage capitalization of these financial incentives by procuring such resources as soon as practicable and providing state policy- based financial certainty to investors to continue to invest in the state.

Finally, Cypress Creek agrees with RENEW and encourages DOER to ensure that the solicitation is large enough to stimulate a market and provides consistent, foreseeable procurements, at least annually, in the near future to enable developers to secure offtake.

**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.**

Cypress Creek supports RENEW's comments that the most important challenge is financing merchant revenue streams. We also encourage DOER to consider: CPEC procurements, obligating EDCs to fully utilize long-term contracting, with at least 15-year contract terms, to meet 100% of their market obligation; tolling arrangements whereby market revenues are returned to ratepayers; and Index Storage Credits("ISC"), which provides significant hedging opportunities, while also lowering ratepayer costs.

From the perspective of minimizing cost to the ratepayer, we would expect the ISC or EDC toll to be most effective for two reasons.

First, we expect these structures to enable 60 percent of the project's revenue stack to be considered contracted. Crossing this contractedness threshold greatly increases the supply of interested investors, which means cheaper capital and more viable projects that will compete and be incentivized to innovate in order to provide competitive pricing. The more a project is expected to depend on uncontracted revenue, the more the program is limiting participants to a few specialized developers who can charge a price premium.

Second, the cost for developers to fully bear merchant risk is higher than if it were shared with the state, and this higher cost is going to be passed onto ratepayers through higher contract prices. This is because the state would have a portfolio of storage projects from different developers, different storage suppliers, different locations whereas the developer is evaluating the risk of a single project. Here, it would be most cost-effective if the state either took merchant risk entirely (EDC toll) or the EDCs share merchant risk with developers through an ISC program.

Sincerely,

A handwritten signature in black ink that reads "Angie Fiese". The script is cursive and fluid.

Angie Fiese  
Senior Director, Policy and Permitting  
Cypress Creek Renewables