



**VIA ELECTRONIC FILING**

January 31, 2024

Tom Ferguson, Energy Storage Programs Manager  
Massachusetts Department of Energy Resources  
100 Cambridge St., 9th Floor  
Boston, MA 02114

**RE: Charging Forward: Energy Storage in a Net Zero Commonwealth – BlueWave Comments**

Dear Mr. Ferguson,

BlueWave appreciates the opportunity to provide these comments to the Department of Energy Resources (the “Department”) in response to the release of the Charging Forward: Energy Storage in a Net Zero Commonwealth Report (the “Report”). As the Report clearly finds, energy storage of all durations will be a critical component towards reliably and cost-effectively decarbonizing the Commonwealth’s grid.

BlueWave's vision is to protect our planet by transforming access to renewable energy. BlueWave is actively developing energy storage projects, including both transmission- and distribution-scale projects in Massachusetts, to ensure our grid is reliable and efficient in a clean energy future. BlueWave is proud to be a certified B Corp, scoring in the top 5% of companies assessed towards certification in Governance, and named Best for the World for Governance.

The Report’s findings are clear: energy storage is needed both in the near- and the long-term to effectuate the transformation of the distribution and transmission grids that is needed to reach our climate mandates. BlueWave supports the Report’s findings. Particularly, we appreciate the recognition of the barriers facing energy storage deployment today; overcoming these barriers in a timely manner is critical for maturing the still-nascent energy storage market in the state. Further, the finding that distribution-sited storage can provide high resiliency value is welcome. Distribution-sited energy storage can provide even greater value, and we encourage the Department to evaluate the additional value that distribution-sited energy storage can and does provide, such as local peak load relief, local solar saturation relief, distribution investment deferral, and more.<sup>1</sup> BlueWave also appreciates the Department’s thoughtful examination of the benefits of energy storage.

In support of the Report’s findings, BlueWave provides the following comments and recommendations:

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<sup>1</sup> See, for instance, the benefit-cost analysis performed for the Connecticut utilities (beginning on page 12): [https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/761a507593c51aca85258a940069376a/\\$FILE/DN%2022-08-05%20Order%209%20WG%20Report.pdf](https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/761a507593c51aca85258a940069376a/$FILE/DN%2022-08-05%20Order%209%20WG%20Report.pdf). The analysis finds ratepayer benefits significantly outweigh program costs, even at a proposed \$220/kW-year incentive.

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## Near-term Grant Funding

The Report proposes using \$50 million in Clean Peak Standard (“CPS”) Alternative Compliance Payment proceeds to provide grant funding to near-term storage projects of several types, including standalone bulk energy storage (i.e., transmission- and distribution-connected energy storage). BlueWave supports the proposal to provide funding to projects that are ready to be built in the near-term, and that need additional revenue in order to secure financing. The revenue gap is especially challenging for front-of-the-meter distribution-connected projects, which are subject to costs to utilize the distribution system (in the form of Wholesale Distribution Tariffs) but are not similarly compensated for providing distribution system benefits. Using Alternative Compliance Payments for this purpose will help to reach market equilibrium and should reduce the need for additional Alternative Compliance Payments and lead to long-term ratepayer savings. Further, this funding will allow operators to gain experience operating standalone energy storage projects in Massachusetts, which will help to kickstart the market. We look forward to the Straw Proposal.

BlueWave also supports the Department’s proposal to develop a model bylaw. As energy storage becomes more prevalent, we have experienced an increasing number of municipalities attempting to navigate the permitting process, without standard guidance from the Commonwealth. A model bylaw will help municipalities in identifying where and how to site energy storage projects and provide for a streamlined review and approval process. Municipal training on energy storage and how it works, is critical as this clean energy technology (at this scale) is new to many local officials. Lastly, BlueWave encourages the Department to leverage the fire safety lessons learned in New York.<sup>2</sup> The energy storage industry is committed to safety, and BlueWave supports the adoption of responsible fire safety requirements.

## Energy Storage Targets

The Report updates the state’s targets for energy storage deployment, tying the deployment target to the installed capacity of renewables in the state. While renewable integration is certainly an important value provided by the resource, energy storage provides other values that are divorced from the level of renewable energy penetration, including distribution grid services, peak load reduction, and more. We encourage consideration of a target that values these additional benefits.

## Clean Peak Standard Review and Procurements

BlueWave appreciates the Department’s commitment to review the CPS. We especially appreciate that the review will be conducted with an eye toward the long-term revenue uncertainty challenges highlighted by industry. BlueWave’s development of energy storage resources for participation in the CPS have encountered this challenge, experiencing significant de-rating of the expected Clean Peak Energy Credit value by financiers and potential credit purchasers. Solving this issue will not only support industry’s efforts to develop energy storage projects, but will also benefit ratepayers through reduced Alternative Compliance Payment obligations and, hopefully, reduced value lost to hedge providers.

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<sup>2</sup> See: <https://www.nyserda.ny.gov/About/Newsroom/2023-Announcements/2023-12-21-Governor-Hochul-Announces-Results-of-Fire-Safety-Working-Group>. This group’s work is ongoing and we encourage continual progress on the issue of fire safety as best practices evolve.

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BlueWave also supports the Department's consideration of procurements. Procurements for Clean Peak Energy Credits can be one piece of stabilizing the value of credits and allow selected projects to overcome the financial uncertainty.

## Other Issues

The Report lists several other ongoing issues that impact the viability of energy storage in the Commonwealth. BlueWave has been actively engaged in these processes, especially with representation at the Interconnection Implementation Review Group and participation in industry coalitions addressing rate design and operational parameters. We appreciate the Department's actions to date that have helped to move these processes along, and we urge the Department to continue this engagement as these issues have the potential to make or break the industry in the state.

## Additional Authority

Understandably, the Report focuses on the Department's existing authority. To truly effectuate the changes needed to support a sustainable energy storage industry in the Commonwealth, the Department may need additional statutory authority.

For instance, the Clean Peak Standard does not have a mechanism to value the unique benefits provided by distribution-connected energy storage. One way to overcome this limitation and reduce the financial uncertainty that is limiting CPS participation is to authorize and implement a SMART-style compensation program for distribution-connected energy storage. As BlueWave envisions it, such a program would still specify charging and discharging behavior through price signals that incorporate significant benefit streams that are currently uncompensated, such as distribution and transmission cost reductions. This program would require consideration of the appropriate wholesale market participation pathway, including the load reducer model proposed by other commenters. Further the SMART-style program would roll in the Clean Peak Energy Credits in much the same way that SMART rolls in RPS credits to limit ratepayer cost. BlueWave is eager to continue discussing this type of program.

Further, the CPS is not currently designed to incentivize storage located in solar saturated areas to operate in concert with the solar. Distribution storage could be incentivized to alleviate the need for interconnection upgrades for solar resources and thus reduce the cost of complying with climate mandates. This may even involve *charging* during the existing Clean Peak *dispatch* windows, especially in the existing summer dispatch hours of 3pm to 7 pm and as solar penetration increases. Further refinement of the CPS and the new program for distribution-scale energy storage would help to unlock a benefit stream that is currently untapped in the CPS.

Also, the Department may need additional procurement authority to effectively incentivize the level of deployment needed for transmission-scale storage to integrate large scale renewable deployment. Currently, the Department is effectively capped at procuring 30% of the Clean Peak market, as that is roughly the utilities' share of the Clean Peak obligation. Additional procurement authority could allow for more, and more cost-effective, solicitations.

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## Conclusion

Thank you for the opportunity to provide these comments and recommendations. BlueWave appreciates the Department's thoughtful analysis of the state of storage policy and the recommendations to improve the existing conditions, and we look forward to continuing to engage with the Department in the CPS review. Please do not hesitate to contact me with any questions.

Sincerely,

/s/ Sean Burke

Sean Burke

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