



January 31, 2024

**By email [thomas.ferguson@mass.gov](mailto:thomas.ferguson@mass.gov)**

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

**RE: Flatiron Comments on “Charging Forward: Energy Storage in a Net Zero Commonwealth”**

Dear Mr. Ferguson:

Flatiron Energy submits these comments in response to the report published by the Department of Energy Resources in consultation with the Massachusetts Clean Energy Center and submitted to the Joint Committee on Telecommunications, Utilities & Energy, titled “Charging Forward: Energy Storage in a Net Zero Commonwealth.”

Flatiron Energy develops utility-scale, standalone storage with a regional focus in the Northeast. The Flatiron leadership team has extensive experience developing storage in New England, in addition to a history of building over 20 operational and profitable energy storage projects. Flatiron Energy is a portfolio company of Hull Street Energy, a private equity firm committed to aiding in the clean energy transition. Finally, Flatiron Energy is a partially woman owned, pending B Corporation, with a commitment to ethical, community-first development.

**[DOER Proposal for New Program Funding](#)**

Flatiron appreciates the in-depth nature of the study which did an excellent job capturing both the benefits storage can provide to the state and the current challenges storage faces in the market. Flatiron further commends DOER for the proposal to allot \$50 million to developing programs that target standalone bulk storage, resiliency, MDES/LDES Technology Commercialization, and Energy Storage Siting. Each category will benefit from DOER’s attention and new programs will be useful in helping to bridge the market barriers that currently exist for each subcategory.

While this funding will be beneficial to storage development in the Commonwealth, it should be noted that it will be insufficient to jumpstart the bulk storage market. Utility-scale, standalone



energy storage projects necessitate several hundred million in capex investment alone. As such, even a direct grant of \$5 million would be insufficient to materially improve such a project's financing needs. Rather, Flatiron suggests these new programs work in concert with revisions to the CPS structure and implementation of a bulk storage procurement to drive meaningful storage deployment in the state.

### CPS Program Review

Flatiron strongly agrees with the report's findings that: *"For the standalone cases, wholesale market revenues are not enough to incent deployment, making revenue from Clean Peak Energy Credits ("CPECs") from the Clean Peak Energy Standard ("CPS") critical. However, as the CPS is a market-based program and CPEC prices fluctuate, stakeholders cite long-term revenue uncertainty in the CPS, driving up the cost of project financing and challenging deployment"* (pg.8). Program bankability remains the largest barrier to greater storage participation in the CPS program and as such, in the Commonwealth. The 2024 review period provides an opportunity for the department to amend the program to address these bankability concerns, enabling the program to reach its full potential.

We have organized our suggested revisions to the CPS program by how quickly they can be implemented. Time is of the essence in amending the CPS program so that storage projects in mature stages of development can secure the financing that will enable them to come online. It currently takes three-to-four years in the ISO-NE queue for a utility-scale storage project to reach LGIA execution. After LGIA execution, a project typically encounters another two-to-five years of interconnection construction upgrades, bringing the entire development timeline for a storage project in the Commonwealth to a total of five-to-nine years. Moreover, before a project can start construction on these interconnection upgrades, a project must secure financing. This milestone is known as "Financial-Notice-To-Proceed" or "FNTTP." For a project to secure financing, a bank must be able to underwrite the project revenues. Thus, a utility-scale storage project in the Commonwealth usually must finalize its revenue plan two-to-five years before the project comes online.

There are utility-scale storage projects in the Commonwealth that have either received an interconnection agreement or which will receive one shortly. This vanguard of utility-scale storage projects needs revenue clarity to ensure they can come online by 2030. If the department does not implement meaningful reforms to CPS and start large-scale storage procurement for several years, very few utility-scale storage projects will come online by 2030 due to the multi-year financing lead time.

The most immediate improvements to the bankability of the CPS program can be achieved through changes allowed under the 225 CMR 21.00 regulations per the 2024 review framework. As the regulations allow the department to make changes to the ACP, CPS standard, and credit



multipliers following stakeholder input, these changes could be made within six months of today. These changes can help bridge the current financing gap to enable mature storage projects to come online while the department works through the process to implement long-term CPEC procurements.

In the 2024 CPS Review Period, Flatiron urges the department to consider implementation of a CPEC price floor. A price floor will significantly help with the financial underwriting process of CPEC revenue and enable projects to reduce financing costs. Without a price floor, capital markets often value CPECs far below the ACP, even when the market is undersubscribed. Perhaps counterintuitively, a price floor is likely to reduce program costs. A price floor will reduce financing costs for projects, which will in turn allow projects to bid lower prices to secure CPECs. In both the creation of the SMART program and SREC iterations, the department has illustrated the very concept that increasing program bankability reduces program costs. Flatiron also suggests striking clause 21.08 (3)(a)(3) in the CPS regulations which introduces significantly greater price uncertainty and underwriting challenges while only providing a small increase in dynamic pricing to the program. Finally, Flatiron suggests the department consider additional mechanisms which might help support mature storage projects to enter the market and overcome high financing costs until a full CPEC procurement program can be implemented.

### CPEC Procurement

DOER procurement of long-term CPEC contracts will provide the most efficient, low-cost mechanism to support storage deployment via CPS. Long-term contracts provide the revenue certainty and clear market signal needed to unlock lower cost financing and drive sustainable storage deployments in the Commonwealth. Lower financing costs will in turn enable storage projects to submit lower bids, further reducing program costs for ratepayers. In addition, a procurement structure has the advantage that DOER can evaluate additional criteria such as locational value and transmission benefits, impact on environmental justice or disadvantaged communities, and job creation and local investment.

Flatiron strongly supports long-term CPEC procurement via a DOER Resource Solicitation Process that would empower DOER with additional oversight in the procurement process. Centering CPEC procurement within DOER authority will help ensure the Commonwealth is best able to meet its 2030 climate targets.

### Additional Storage Procurements

While the CPS program provides a strong existing platform to launch storage procurements, the size of the CPS program will not be sufficient to fully meet the state's climate goals. The Report recommends the state procure energy storage in proportion to the total renewable energy



capacity installed by 2030 and 2035. Assuming the Commonwealth meets the targets set forth in the state's Climate Report Card, this ratio would result in a target of approximately three gigawatts of energy storage capacity by 2030. The Clean Peak Program is projected to be about two gigawatts by 2030, with some of that capacity expected to be allocated to non-storage resources.

Thus, Flatiron recommends the department also develop a structure to procure additional storage outside of the Clean Peak program. These procurements can be structured to enable the DOER to incentivize a multitude of energy services needed by the state and to allow for participation from a greater variety of technologies.

Thank you,

A handwritten signature in black ink that reads "Juliana Mandell".

Juliana Mandell  
Managing Partner  
Flatiron Energy