**Commonwealth of Massachusetts**
**Executive Office of Energy & Environmental Affairs**
**DEPARTMENT OF ENERGY RESOURCES**

# CLEAN PEAK ENERGY PORTFOLIO STANDARD

# ENERGY RESERVES GUIDELINE

**August 14, 2020**

*Pursuant to the Clean Peak Energy Standard Regulations at 225 CMR 21.00*

This Guideline clarifies the method by which the Clean Peak Energy Portfolio Standard may include energy reserves performance.

## 1. Energy Reserves Dispatch

### a. Provisions in the CPS Statutes and Regulations

The CPS statute at M.G.L. Chapter 25A, Section 3 [1] defines the following:

*"Clean peak certificate", a credit received for each megawatt hour of energy or energy reserves provided during a seasonal peak period that represents a compliance mechanism.*

*"Clean peak resource", a qualified RPS resource, a qualified energy storage system or a demand response resource that generates, dispatches or discharges electricity to the electric distribution system during seasonal peak periods, or alternatively, reduces load on said system.*

CMR 21.05 (7) states:

*The Department may establish a mechanism by which Clean Peak Energy Certificates may be generated by provision of energy reserves, subject to applicable requirements including, but not limited to, such provision of energy reserves being directly measurable and verifiable in accordance with 225 CMR 21.05 (2). The Department shall determine whether such a mechanism can be implemented no later than December 31, 2020. If the Department determines that a such a mechanism shall be established, the Department shall publish a Guideline on Energy Reserves that explains the mechanism and its applicability.*

### b. Determinations

The Department puts forth this guideline to outline the scope of considerations necessary to develop a mechanism to allow for reserves to generate Clean Peak Energy Certificates (CPEC). The Department notes that energy reserves do not dispatch or discharge electricity. Energy reserves are products in wholesale markets which provide the system operator capacity which is available for dispatch during system contingencies; which are unplanned disconnections of power system elements, such as transmission facilities or generators, from the electricity grid.[2]

[1] CPS was established by Chapter 227 of the Acts of 2018, available at https://malegislature.gov/Laws/SessionLaws/Acts/2018/Chapter227

[2] ISO-NE Reserves Market https://www.iso-ne.com/markets-operations/settlements/understand-bill/item-descriptions/reserve-market

Energy reserves are measured in MW (power), not MWh (energy).[3] Energy reserves do not represent energy generated, dispatched, or discharged. Instead, energy reserves represent the withheld capability to generate, dispatch, or discharge.

The Department recognizes the emissions and policy benefits of clean resources providing energy reserves, however, the energy reserved does not meet the criteria of "*generates, dispatches or discharges electricity to the electric distribution system*" and as such the reserved energy will not produce CPECs. However, otherwise qualified resources which operate in energy reserves markets may remain eligible to generate CPECs for any energy it generates, dispatches or discharges within a Seasonal Peak Period.

If the Department determines a mechanism can be implemented not later than December 31, 2020 for CPECs to be generated by provision of energy reserves, then;

Where an aggregation of resources is providing energy reserves, the aggregation must consist of only qualified Clean Peak Resources which are all subject to equal multipliers to be eligible to produce CPECs.

The Clean Peak Resource must be able to provide interval data for the resource for the entire preceding month, consistent with CMR 21.05 (2). The Operator of the Clean Peak Resource must maintain records of the resources' provision of energy reserves. The Department or its third party metering provider, at their discretion, may audit said records to verify the energy reserves performance.

[3] ISO-NE Market Rule 1 https://www.iso-ne.com/static-assets/documents/2014/12/mr1_sec_1_12.pdf