

**Via Email**

September 4, 2020

Patrick Woodcock, Commissioner  
Department of Energy Resources  
100 Cambridge Street, Suite 1020  
Boston MA, 02114

**Re: NECEC Comments on Clean Peak Energy Standard Guidelines**

Dear Commissioner Woodcock,

The Northeast Clean Energy Council (“NECEC”) appreciates the opportunity to submit comments to the Department of Energy Resources (“DOER”) on the Clean Peak Energy Standard (“CPS”) Guidelines. NECEC commends DOER for clarifying outstanding questions regarding the CPS’ operation, and we request further clarification to remove potential ambiguities in the program design.

NECEC is a clean energy business, policy, and innovation organization whose mission is to create a world-class clean energy hub in the Northeast, delivering global impact with economic, energy and environmental solutions. NECEC is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. NECEC members span the broad spectrum of the clean energy industry, including clean transportation, energy efficiency, wind, solar, energy storage, microgrids, fuel cells, and advanced and “smart” technologies.

The CPS is an innovative, first-in-the-nation program, making clarity and predictability paramount to its success. NECEC appreciates the clarity provided by the CPS Guidelines, which give all stakeholders and potential participants greater confidence in the CPS. Below, we ask DOER to establish a Procurement Guideline, as well as to provide further clarity and predictability for the market on the Clean Peak Demand Response Resource Guideline (“DR Guideline”), the Clean Peak Distribution Circuit Multiplier Guideline (“Distribution Circuit Guideline”), and the Clean Peak Resource Eligibility Guideline (“Resource Eligibility Guideline”).

**Procurement Guideline**

NECEC urges DOER to publish a Procurement Guideline to provide additional detail surrounding the CPS procurements informed by stakeholder feedback to ensure that the procurements are designed to elicit a strong market response and, thus, the most cost-effective outcomes. Industry is beginning to invest heavily in developing projects to participate in the CPS. This investment is needed now in order for projects to be operational between 2023 and 2025, depending on the length of the interconnection process. Uncertainty about Clean Peak Energy Credit value and, specifically, the stability of the credit value is of major concern to the financing community. This uncertainty increases project financing costs and, in turn, increases the revenues needed to make these projects economically viable. Thus, long-term revenue certainty is crucial for the Clean Peak Program to achieve its goals, especially for new projects

requiring significant upfront capital expense, such as energy storage. The issuance of a Procurement Guideline would give stakeholders an opportunity to ensure the parameters of the procurement process are appropriately designed so as to ensure that projects selected through the procurement receive long-term revenue stability that enables a decrease of the soft costs. NECEC urges DOER to exercise its option to develop a Clean Peak Procurement Guideline as stated in section 21.05(8)(e) of the Clean Peak Energy Portfolio Standard (CPS).

### **DR Guideline**

NECEC is pleased that the DR Guideline clarifies that energy storage and Electric Vehicle Supply Equipment (“EVSE”) are eligible to participate as a “Demand Response Resource” in the CPS. We are concerned, however, that, without the DR Guideline providing further clarity, the definition for “Existing Resource” in the CPS regulations could be interpreted in an overly broad manner that leads to newly installed energy storage, EVSE, and other resources inappropriately being labeled as existing resources and subject to the existing resources multiplier. The regulations stipulate that any resource with a Commercial Operation Date before January 1, 2019 will receive the existing resource multiplier. For Demand Response Resources, the Commercial Operation Date is “the date the resource first changes electric usage.” Thus, under a broad interpretation, a Demand Response Resource could be subject to the existing resource multiplier if the customer first changed electric usage prior to January 1, 2019. The CPS regulations do not specify whether the “Demand Response Resource” exists at the entire customer account level (i.e., the retail meter) such that any past change in electric usage that occurred at the customer facility would mean that customer is “existing,” or whether the resource exists at a more granular level.

Under a broad interpretation, a customer who participated in a demand response program in 2010 that involved shutting off office lights in response to utility calls during a few windows per year, but who wants to install new storage or EVSE in 2022 and enroll it in the CPS, would be subject to the existing resource multiplier for the entire facility, including the newly installed storage or EVSE. NECEC is concerned that this could be interpreted to mean that a newly installed energy storage system or EVSE seeking to participate as a Demand Response Resource could be subject to the existing resource multiplier if the site host had previously participated in a demand response program prior to January 1, 2019. We do not believe this is DOER’s intent, but believe clarification is necessary to remedy this concern that would contradict the objective of the program to stimulate resource deployment to target the clean peak windows.

Therefore, NECEC urges DOER to amend the DR Guideline to explicitly state that energy storage and EVSE installed on or after January 1, 2019 seeking to participate in the CPS as a Demand Response Resource will not be considered an existing resource, regardless of the site host’s previous participation in demand response programs. We urge DOER to adopt this simple change that would avoid potential unintended consequences that reduce compensation for new energy storage and EVSE. Storage and EVSE asset owners can provide documentation regarding the Commercial Operation Date of the resource to verify that it was indeed installed on or after January 1, 2019.

### **Distribution Circuit Guideline**

The Distribution Circuit Guideline is helpful in understanding the potential design of a Distribution Circuit Multiplier. NECEC appreciates that the Distribution Circuit Guideline provides

bounds for the Distribution Circuit Multiplier, namely that no more than 10% of circuits may have a multiplier greater than one, and no more than 5% of circuits may have a multiplier less than one. We further support that the multiplier will only apply to new resources, and that existing resources will maintain their multiplier of one. The Distribution Circuit Guideline, however, does not set forth the process by which the multiplier may be adopted. NECEC requests that DOER provide advance notice prior to implementing the Distribution Circuit Multiplier and that DOER conduct a stakeholder process to receive feedback on the proposed Distribution Circuit Multiplier prior to its implementation. Advance notice of when the multiplier will become effective is important to ensure that projects in the development stage are not unexpectedly subject to a new multiplier of less than one, which would impact project finances. Stakeholder feedback would provide valuable input and information, especially as the Distribution Circuit Multiplier is still speculative.

### **Resource Eligibility Guideline**

The Clean Peak Resource Eligibility Guideline states that “For purposes of Clean Peak Resource eligibility, Resources interconnected to the Transmission System which have an obligation to deliver to the Commonwealth of Massachusetts sufficiently demonstrate that they will discharge to the Distribution System of the Commonwealth of Massachusetts.” This statement creates the potential for confusion as the geographical boundaries of the “Transmission System” are unclear, as are any details on what would constitute an “obligation.” For instance, if a resource is developed in Vermont and is connected to a transmission lines that had an “obligation” to deliver power to an end-user in Massachusetts through a Power Purchase Agreement, that resource could become eligible under this Guideline as written. All stakeholders require clarity on the geographical limitations for eligibility as well as what constitutes an “obligation.” We ask DOER to provide further clarity on this issue.

### **Conclusion**

NECEC appreciates DOER’s development of CPS Guidelines to provide clarity to stakeholders. We request DOER publish an additional Procurement Guideline to ensure the success of the Program. We also request amendments to three of the CPS Guidelines to provide further clarity and ensure smooth operation of the CPS. Thank you for your consideration and please do not hesitate to contact us with questions.

Sincerely,



Jeremy McDiarmid  
Vice President, Policy & Government Affairs



Sean Burke  
Policy Associate

cc: Will Lauwers, Department of Energy Resources  
Amy McGuire, Department of Energy Resources