



October 30<sup>th</sup>, 2019

Judith Judson, Commissioner  
Massachusetts Department of Energy Resources  
100 Cambridge Street  
Suite 1020  
Boston, MA 02114

**Re: Summit Ridge Energy comments regarding 225 CMR 21.00 et seq, the Department of Energy Resources' Clean Peak Standard Regulation**

**Introduction**

Summit Ridge Energy ("SRE") is a leading developer, owner, and operator of solar projects in the US. The core team has been a strong force within the U.S. commercial solar market for years and was instrumental in the creation of virtual solar power purchase agreements and associated financing structures used in Massachusetts over the past decade. SRE's Principals has been involved in the development and financing of renewable energy projects serving the commonwealth since the SREC I program. Summit Ridge Energy has leveraged this experience to launch Summit Ridge Capital, a dedicated funding platform that is actively acquiring renewable assets and pre-operational projects within the rapidly growing solar and storage markets. SRE has been closely following the Department of Energy Resources' ("DOER") creation of the Clean Peak Standard ("CPS") and is excited by the opportunity to continue developing and operating projects in Massachusetts to help it meet the commonwealth's forward-thinking energy goals. SRE is pleased to provide some brief feedback below on the pricing proposed and certain financing concerns raised by our financial partners.

**Pricing**

SRE is very encouraged by the thoughtful program design presented by the DOER for the CPS program. As a group with a depth of experience developing and financing energy projects in REC-based incentive markets, including in SREC I and SREC II in Massachusetts, we are pleased to see program mechanics that will be familiar to our various financial partners. SRE

has spent time creating a financial model to reflect both standalone storage and solar plus storage scenarios in the CPS program as currently proposed. We detail below some of our findings and provide some suggestions to ensure the CPS program achieves its goals.

SRE is excited by the prospect of developing standalone storage projects in urban and suburban Massachusetts. SRE believes standalone storage projects sited in these locations will be key in helping to shift peak load in areas where solar plus storage is not possible due to land constraints. Standalone storage does though provide its own challenges, including high system costs and high land costs compared to those of rurally-sited solar plus storage projects. Taking these costs into account in our model, it is clear that the currently proposed Alternative Compliance Payment (“ACP”) does not provide enough incentive for developers to pursue standalone storage projects under the CPS. The revenue gap is considerable and could best be closed by a combination of raising the ACP and the addition of a multiplier for standalone projects that cannot participate in legacy incentive programs (eg: SREC I, SREC II, and SMART).

In the solar plus storage scenario, the ACP was deemed too low to incent the type of peak response that the DOER is looking to promote. Currently, the main driver of storage deployment is the Massachusetts SMART Program Battery Storage Adder. This SMART incentive is currently high enough to drive the development of battery storage alongside solar facilities, but does not incent the peak-response behavior DOER is looking for in the CPS program. SRE believes DOER could best incent peak response activity from qualified solar plus storage projects by a combination of adjusting both the CPS ACP and the requirements to qualify for the SMART Program Battery Storage adder.

### **ACP Pricing Floor**

One large concern about the viability of the CPS program is a lack of future price stability. A price floor would provide pricing certainty for financial institutions looking to make sizeable investments in storage infrastructure in the commonwealth. While it may complicate

the administration of the program, SRE feels very strongly that a price floor is needed in order to avoid a lack of storage deployment and hence DOER not meeting its targets under the CPS.

## **Conclusion**

Summit Ridge Energy believes the CPS program can become a national model for incentivizing and the development and deployment of energy storage resources. Given the large capital investment required for a successful program, SRE does believe changes to the incentive structure will be necessary. SRE is concerned that the bulk of CPS value under the current regulations will be provided to already planned solar plus storage projects, providing unneeded additional revenue to projects that are viable without CPS incentives. Raising the ACP and focusing the multipliers on standalone storage and other new storage developments will help the commonwealth meet its loft storage goals while incenting development in new ways. SRE appreciates the opportunity to provide comment and looks forward to continued engagement with the DOER on this exciting program.

Regards,

A handwritten signature in dark ink, appearing to read 'Jarryd Commerford', with a stylized, looping flourish at the end.

Jarryd Commerford

Principal

Summit Ridge Energy

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