



October 30, 2019

SUBMITTED ELECTRONICALLY

Kara Sergeant  
Massachusetts Department of Energy Resources  
100 Cambridge Street, Suite 1020  
Boston, MA 02114

RE: Clean Peak Standard Draft Regulation Comments

Dear Ms. Sergeant,

Convergent Energy + Power appreciates the opportunity to add our comments to the proposed 225 CMR 21.00, the Clean Peak Energy Portfolio Standard regulation, shaped by the Massachusetts Department of Energy Resources ("DOER"). Convergent is excited by DOER's vision to increase clean energy use during periods of peak demand and recognizes that energy storage plays a key role in enabling this goal.

Convergent offers the below suggestions as potential avenues to strengthen an already well-crafted program:

#### **Clean Peak Energy Certificate Pricing**

In order for the CPS program to promote the development of bankable storage projects, there should be a mechanism that de-risks the potential variability of CPEC values over the time horizon of the project. Since the current CPEC price can essentially fall to zero, developing a project for the specific purpose of its participation in the CPS program would be risky and difficult to finance. A CPEC floor price would be one way to define more concretely the lower bound of project performance, just as the ACP price schedule defines the upper bound.

#### **Value Stacking**

While the proposed CPS program has the potential to drive significant revenue for a participating project, the lack of certainty in CPEC value suggests that there will likely need to be other revenue streams stacked on top of CPEC value in order for storage projects to be economical. Codifying the ability for renewable generation paired with storage to stack revenue from the MA-SMART program and/or wholesale market participation, and the ability for stand-alone storage to stack revenue from wholesale market participation, would provide added certainty and enhance the likelihood of significant project development as a result of the CPS program.

#### **Annual MW Target**

The DOER should include in this regulation the annual target amount of CPECs that must be procured by Retail Electricity Suppliers. The annual clean peak megawatt target specified in the draft regulation is helpful to understand the megawatts of projects that DOER seeks to place in operation annually; however, providing the target annual number of CPECs would allow project developers greater insight into DOER's assumptions around individual project performance with respect to the generation of CPECs. This would give developers better clarity as to the expected supply and demand of CPECs.



## Duration Requirements

The eligibility criterion that a storage system have a four-hour duration minimum appears arbitrary and contrary to the goals of the CPS program. If an asset with a duration of four hours or more elects to discharge for fewer than four hours, this asset would earn CPECs for the amount of time that it did discharge (e.g. two hours). It therefore stands to reason that an asset with a duration of less than four hours (e.g. two hours) should be entitled to earn these same CPECs for the same duration of discharge. Furthermore, any storage asset technically has the ability to discharge for a full four hours through de-rating. This, combined with the fact that shorter-duration assets are often more economical and therefore easier to finance, suggests that maintaining a four-hour duration minimum will unnecessarily limit the number of assets that are developed as a result of the CPS program.

We thank DOER for all their work on the proposed 225 CMR 21.00, the Clean Peak Energy Portfolio Standard regulation, and look forward to providing further feedback to help shape this new and important regulation.

Sincerely,

A handwritten signature in black ink, appearing to read "Derek Oosterman".

Derek Oosterman  
SVP – Strategic Projects  
Convergent Energy + Power