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**ZERO-POINT DEVELOPMENT, INC.'S COMMENTS ON THE
DRAFT DISTRIBUTION CIRCUIT MULTIPLIER GUIDELINE**

I. Introduction

Zero-Point Development, Inc. (“Zero-Point”)¹ appreciates the opportunity to offer the following comments on the draft Clean Peak Distribution Circuit Multiplier Guideline (“Draft Guideline”), which the Department of Energy Resources (“DOER”) put out for public comment on October 31, 2022. Unfortunately, the Draft Guideline is a radical departure from previous proposals and introduces new, un-vetted concepts that would defeat the fundamental purposes of a distribution circuit multiplier (“DCM”). If DOER finalizes this guideline, the DCM will not incentivize the development of energy storage projects that effectively address constraints on the electric distribution system. If it does anything, implementing the Draft Guideline would result in a haphazard additional revenue stream to projects that happen to meet its requirements but would have been developed regardless. Zero-Point specifically identifies the following concerns:

1. The methodology for selecting eligible distribution circuits will not identify those circuits on which energy storage facilities could provide the most meaningful benefits. It also does not consider the feasibility of development on selected circuits, so may select circuits in areas where development is impossible due to land-use and other considerations.
2. Limiting eligible capacity for the DCM to 1 MW per circuit does not reflect the realities of developing an energy storage project, the economics of operating an energy storage

¹ Zero-Point is a family-owned renewable-development company committed to advancing the progress of renewable energy solutions as a viable and economically-competitive resource alternative for all consumers in the United States. Having successfully developed and installed over 175MW, DC of solar capacity and 50MW of energy storage in the Commonwealth since 2011, Zero-Point believes strongly in the independent and sustainable energy production capacity of the Commonwealth. The Clean Peak Energy Standard (the “Program”) broadly, and the Distribution Circuit Multiplier specifically, offer interesting and innovative opportunities for carefully crafted policy to incentivize the renewables development community to reduce the fossil fuel footprint of electricity consumption during peak hours.



- project, or the ability of an energy storage project to provide benefits to the distribution system.
3. While a capacity reservation process is a good idea, the mechanics and logistics of such a process need to be thought out carefully, developed with industry input, and laid out in more detail to avoid sending counterproductive incentives and unnecessarily creating potential for confusion and disputes.

Zero-Point appreciates DOER's efforts to advance this important policy, which – if implemented more consistently with its previously discussed designs – would provide significant benefits to the Commonwealth. However, in its current state, the Draft Guideline would not advance its intended purposes. DOER should either revert back to the original circuit selection and eligibility criteria, or convene a meeting of stakeholders to build on DOER's significant past efforts on this important policy and ensure that guidance is finalized soon that will advance this important policy and deliver benefits to the Commonwealth. In any event, DOER should also (i) expressly find, and amend the existing Distribution Circuit Guideline to reflect, that a DCM can be effectively implemented (as provided by § 225 C.M.R. 21.05(6)(g)); and (ii) if a final guideline cannot be issued by the end of the year, amend the existing Distribution Circuit Guideline to state that the final implementation will be based on further guidance to be issued in 2023. Zero-Point would enthusiastically engage in a stakeholder process and believes other industry participants would do so as well.

II. Background

In April of 2019, DOER presented a straw proposal for a clean peak standard that included a “Distribution Circuit Multiplier” concept as a “policy enhancement” based on the core insight that certain circuits might have “particular needs” such that incentivizing clean peak projects on those circuits could “enable capital investment deferral or mitigation.” *See* DOER, Clean Peak Standard Straw Proposal, at 21, 26 (April 2, 2019).² By the summer of 2019, DOER had determined that the DCM concept was meritorious and would be included in the program for future implementation, following development of a final approach. *See* DOER, Clean Peak Energy Standard, at 25, 30 (Aug 7

² <https://www.mass.gov/files/documents/2019/04/02/Clean%20Peak%20Straw%20Proposal%203.29.19%20.pdf>.



& 9, 2019).³ DOER’s final regulations, which took effect in August of 2020, included 225 C.M.R. 21.05(6)(g) which states:

Distribution Circuit Multiplier. The Department may establish a Distribution Circuit Multiplier that modifies the number of Clean Peak Energy Certificates generated by a Clean Peak Resource based on the locational value of the unique load profile and particular needs of each distribution circuit, as defined by the Department, in consultation with the Distribution Companies. Clean Peak Resources which are owned by a Distribution Company are not eligible for a Distribution Circuit Multiplier. The Department may consider Distribution Circuit Multipliers greater than or less than one. The Department, in coordination with the Distribution Companies, shall determine whether sufficient data is available to enable effective implementation of a Distribution Circuit Multiplier no later than December 31, 2022. If the Department determines that a Distribution Circuit Multiplier shall be established, the Department shall publish a Guideline on the Distribution Circuit Multiplier that provides the multiplier amount(s) and explains the parameters of the applicability of the Distribution Circuit Multiplier.

That regulation remains in place.

In August and October of 2021, DOER held stakeholder sessions on the DCM.⁴ Those sessions focused on identifying circuits based on both solar saturation (which by default identifies areas where renewable energy development is possible from a land availability perspective, and areas that are more likely to be amenable to municipalities), and increasing peak demands. DOER provided approaches for identifying circuits in both categories for eligibility and recommended an even split of eligibility between circuits facing solar saturation and circuits facing increasing peak demands.

In February 2022, DOER presented to a working group on the DCM. *See* DOER, Clean Peak Energy Standard Distribution Circuit Multiplier Working Group (Feb. 2022).⁵ That presentation emphasized that the purpose of the DCM was to “open additional hosting capacity for solar and/or mitigate the need for infrastructure upgrades associated with increasing peak demands” and specifically, to function as a tool that “adds a locational price signal to the [clean peak energy standard]” and “maximizes the benefits provided by” clean peak resources. *Id.* at 2. That presentation emphasized simplicity, and “ensur[ing] that the result is actionable information for responsive development.” *Id.* at 3. Further, it noted that both high solar saturation and increasing peak demands can cause the need for

³ <https://www.mass.gov/doc/drafts-cps-reg-summary-presentation/download>.

⁴ See the summary provided here: <https://www.mass.gov/info-details/clean-peak-energy-standard-notice-and-updates/>

⁵ <https://www.mass.gov/doc/cps-dcm-straw-proposal/download>.



distribution system upgrades that could potentially be alleviated, and proposed identifying circuits eligible for the DCM based on both of those causes in equal proportion. *Id.* at 4. It indicated that annual grid modernization reports might provide information for identifying eligible circuits. *Id.* at 4, 6. DOER also indicated that the DCM would be established for a specific, designated amount of MWs that could participate in the multiplier. *Id.* at 8. Zero-Point submitted comments on this straw proposal on March 14, 2022.

On October 31, 2022, DOER issued the Draft Guideline for comment. The Draft Guideline provides only one methodology for establishing eligible circuits: a ranking based on the three-year average of the Peak to Normal Percent Rating for each circuit. Under the Draft Guideline, only circuits in the top 10% of a distribution company's territory on that metric will be eligible, and then, only if that rating is also over 85%. The Draft Guideline would exclude any circuit from eligibility if information necessary to complete this methodology is missing. The Draft Guideline caps eligibility for any circuit at 1 MW in all situations. It provides for a multiplier of two for a project's first ten years of operation, and for multiplier of 1.5 for the next five years of operation. Finally, the Draft Guideline provides a brief summary of an application and reservation process that would allow a project to submit an application to reserve capacity on a circuit, even if it has not submitted a statement of qualification for the clean peak standard program.

III. Comments

The Draft Guideline is an abrupt about-face that would defeat the intent of the DCM. It abandons the previous core principle that a purpose of the DCM was to address solar saturation (and thereby allow greater deployment of renewable distributed generation), proposes a methodology for selecting eligible circuits that would exclude many circuits that face significant solar saturation or peak-related needs, imposes an arbitrary limit on resource capacity that is inconsistent with the reality of energy storage projects, and provides a reservation process that lacks key detail. DOER should take any steps it must to preserve the DCM under 225 C.M.R. 21.05(6)(g) and convene stakeholders to develop an approach to the program that would address these fundamental issues.

- a. The methodology for selecting eligible distribution circuits will not identify those circuits on which energy storage facilities could provide the most meaningful benefits.**



Zero-Point recognizes the need to have a straightforward methodology for identifying eligible circuits for the DCM. However, the approach in the Draft Guideline would be detrimental for several reasons.

First, it completely omits the possibility of identifying circuits based on solar saturation. This is a critical flaw because this is one of the core purposes of the DCM – as evidenced by its primacy in discussions from the beginning of the clean peak program up through the issuance of the Draft Guideline. Without a path for circuits to be eligible based on saturation of distributed generation resources, a core benefit of the DCM – to support the Commonwealth’s other clean energy goals – is completely lost. DOER should renew its efforts to work with stakeholders to identify a means of identifying eligible circuits on this basis. Quite simply, without this element, the DCM would no longer serve a fundamental purpose for which it was designed and proposed.

Second, the formula proposed does not allow for a more robust assessment of circuit needs that could provide greater benefits. Purely mathematical approaches do not allow for any insertion of reasoned judgment and could result in circuits being made eligible based on quirks in data or irrelevant factors, such as the total amount of load a circuit serves, or unusual one-time events. Critically, eliminating all circuits that, for whatever reason, do not have complete information needed to support a three-year average of the Peak to Normal Percent Rating for each circuit could result in excluding circuits that would otherwise clearly be eligible or have the most demonstrated need. A three-year look-back average would not capture changes to circuit load or characteristics known or anticipated to occur in the near future.

Third, the proposed formulaic approach does not include any consideration of whether the circuits selected are actually a good fit for deploying distributed generation resources. Distributed generation resources cannot be developed everywhere; some locations are not possible, disfavored, or prohibitively expensive based on existing land uses and other factors. As a result, the methodology DOER proposes in the Draft Guideline does could lead to selecting eligible circuits that are not realistic for the development of Clean Peak resources and excluding circuits where such resources are both needed and possible.

Fourth, whatever approach DOER ultimately adopts, DOER should provide a “good cause” mechanism for adding circuits to the list of those eligible for the DCM. This is important because any



methodology may miss critical information and otherwise unreasonably prevent a circuit from being included when it should be included to maximize the benefits of the program and ensure its fair implementation.

b. Limiting eligible capacity for the distribution circuit multiplier to 1 MW per circuit is unworkable.

This novel introduction into the DCM discussion would have a devastating effect on the effectiveness of the DCM; DOER must reconsider this un-vetted proposal. Standalone energy storage projects – one of the core types of resource intended to be incentivized by the clean peak standard generally and the DCM specifically⁶ – are generally not economic at this scale. Nor does a 1 MW cap reasonably allow for the maximum benefit of distributed storage resources. As a result, imposing a 1 MW cap not just for any given project, but for any circuit, will result in dearth of responsive investments in clean peak resources.

This capacity cap would function to stifle investment aimed at advancing the purposes of the DCM. Instead, resources that would otherwise be developed anyway may receive additional value. The DCM should be designed based on an informed assessment of how program structure will incrementally advance investment in clean peak resources that provide desired benefits.

c. The capacity reservation process needs further development and specificity.

Zero-Point lauds DOER for including a capacity reservation process in the Draft Guideline. A fair process that allows proposed projects to lock-in their ability to benefit from the DCM supports the development of such projects, as has been seen in other DOER programs that include queuing mechanisms, such as the SREC and SMART programs. However, those other programs have much more specific and detailed rules for reservations and queuing than are provided in the Draft Guideline. Zero-Point recognizes that the Draft Guideline's basic structure could be advanced through further guidance and refinements. Unfortunately, the barebones structure in the Draft Guideline is concerning in that the lack of detail could send unintended and unhelpful incentives. Without more detail, Zero-

⁶ See, e.g. the presentation cited in footnote six, above.



Point is worried that the process in the Draft Guideline will encourage a rush to reserve capacity for projects that may not be developed and no fair or transparent mechanisms for assessing where competing projects may be in their development timeline. Zero-Point urges DOER to engage stakeholders and continue to develop the reservation process for the DCM based on its experience with other programs.

d. DOER should reconvene stakeholders and revise the Draft Guideline to advance the interests of the Commonwealth.

The DCM is an important component for maximizing the benefits of the Clean Peak Energy Standard. DOER should work with stakeholders to get it right. Recognizing that DOER's regulations require certain determinations and actions by December 31, 2022,⁷ DOER should ensure that it takes steps to definitively establish that a DCM can and will be advanced and will go into effect. However, DOER should not adopt the Draft Guideline simply to meet that deadline. The Draft Guideline includes good ideas but also proposals that would undermine the effectiveness of the DCM. DOER should instead reconvene stakeholders and renew its efforts to develop a DCM program that will advance its intended purposes.

IV. Conclusion

Zero-Point thanks DOER for the opportunity to comment on the Draft Guideline, and respectfully requests that DOER:

1. Take such steps as may be necessary under 225 C.M.R. § 21.05(6)(g) to guarantee that a DCM can be implemented under the Clean Peak Standard program without amending the regulations.
2. Convene stakeholders to provide input into the issues identified in these comments and other concerns that may be raised regarding the Draft Guideline.
3. Begin work on a revised DCM Guideline that can be implemented in 2023.

⁷ See 225 C.M.R. § 21.05(6)(g) "The Department, in coordination with the Distribution Companies, shall determine whether sufficient data is available to enable effective implementation of a Distribution Circuit Multiplier no later than December 31, 2022."



Zero-Point looks forward to continuing communication and collaboration with DOER as the Program evolves and the DCM guidance is finalized. We are available to discuss these comments at DOER's convenience.

Sincerely,



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