



November 18, 2022

Director Samantha Meserve
Renewable and Alternative Energy Division
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Dear Director Meserve,

Thank you for the opportunity to provide comments on the draft Clean Peak Distribution Circuit Multiplier (DCM) Guideline. New Leaf Energy is one of the leading developers of renewable energy and energy storage projects in the United States, both distributed generation and utility scale. Established as a standalone business in 2022 and headquartered in Lowell, the company was formed out of Borrego's market-leading solar and energy storage development business and is being led by Borrego's former development business management team. We greatly appreciate that this draft guideline has responded to feedback that we and other industry members provided in previous rounds of public comment, however we have some serious concerns about new restrictions that have been added to this draft guideline since its last iteration.

First, we are pleased to see that the eligible circuit selection criteria are straightforward and based on publicly available data. This transparency and simplicity will ensure that the circuit multiplier incentivizes development that addresses grid constraints, rather than creating a windfall for developers that happened to pick the right circuit through random chance.

Second, we are also pleased that Clean Peak resources will be able to reserve capacity on a DCM circuit in advance of project completion. We encourage DOER to provide additional detail on what project information and milestones will be required to reserve DCM capacity, and, as we mentioned in our previous comments in March 2022, **we recommend requiring site control, permits, and an interconnection agreement in order to reserve DCM capacity**. In addition, we recommend extending the time from DCM reservation to final SOQ from 12 months to 18 months in light of ongoing supply chain disruptions that have led to battery lead times up to 12 months even before construction can begin.

However, in addition to these positive improvements, there are several new elements of the DCM guideline that will dramatically undercut its effectiveness, specifically:

- the 1MW project size cap for projects receiving the DCM;
- the exclusion of PV saturated circuits from eligibility;
- the exclusion of projects that trigger a "capacity upgrade" from eligibility.

We urge DOER to convene a stakeholder process with storage industry members and utilities in order to find solutions to the underlying concerns that have instigated these new changes, before finalizing a guideline that would so dramatically curtail the program.

1MW Project Size Cap Per Circuit

We support the comments submitted by the Northeast Clean Energy Council (NECEC) relating to the project size cap. Previous iterations of the DCM had envisioned a megawatt limit, but the intent of that limit was to calibrate it to the actual constraint on the circuit. We were extremely surprised to see an arbitrary limit of 1MW placed not only on DCM eligibility but on the size of the entire project. In order to serve the intent of the program, which is to incentivize storage development in locations where it can help address grid constraints, **we agree with NECEC that the megawatt limit for DCM eligibility should be set in relation to the specific constraint on each circuit.**

Standalone storage economics remain very challenging in ISO-NE, even with the establishment of the Clean Peak program. Due to the fluctuating value of Clean Peak credits, and the uncertainty about the rate at which the ACP will decline, Clean Peak revenues are highly discounted when projects are seeking financing. In this context it is difficult to make projects viable without the DCM. If DCM eligibility is limited to projects of 1MW or less, the pace of deployment of Clean Peak resources will be dramatically lower. Downsizing projects to stay under a 1MW limit is not a viable option, as project economics are even more strained without any economies of scale. If, for administrative purposes, it is decided that a uniform megawatt limit for DCM eligibility is absolutely necessary, we strongly recommend that it be set at no less than 5 MW.

Exclusion of PV Saturated Circuits from DCM Eligibility

We support the comments submitted by NECEC relating to the exclusion of PV Saturated Circuits. The Commonwealth has seen tremendous success in deploying DG solar, however one of the consequences of that success is that the distribution system is getting strained in certain areas. Rather than costly infrastructure upgrades, storage deployment in these areas can resolve those issues while simultaneously storing solar energy from times of day when electric demand is lower, and discharging it at times of day when demand is higher. This has important technical and economic benefits for the system as a whole, in addition to the local benefits to that circuit. Deploying storage in these areas will also help the Commonwealth achieve its overall decarbonization goals, by enabling the continued deployment of DG solar.

For these reasons, **including circuits facing PV saturation in those eligible for the DCM was sound policy that was well aligned with numerous other state goals.** The prior draft straw proposal (still available on the DOER website here:

<https://www.mass.gov/info-details/clean-peak-energy-standard-notices-and-updates>) included a

sensible provision that standalone storage in PV saturated areas must accept operating limits in its ISA to ensure that it is operated in a manner that helps to alleviate PV saturation on the circuit. This is a reasonable requirement, and its inclusion should make it possible for DOER to reinstate PV Saturated Circuits among those eligible for the DCM.

Exclusion of Projects that Trigger a “Capacity Upgrade” from Eligibility

We support the comments submitted by NECEC relating to the capacity upgrade provision. The intent of the circuit multiplier is to incentivize deployment of Clean Peak resources (in particular energy storage) in locations where they can help address grid constraints. Since those grid constraints might otherwise be resolved by upgrading utility infrastructure, it is sensible for DOER to try to ensure that the DCM incentive is being used efficiently and that the Clean Peak resources receiving it are in fact displacing other infrastructure upgrades. However, **an expansive definition of “capacity upgrade” may effectively make it impossible to qualify for the DCM.**

For example, take a circuit with heavy peak loads. If a storage project is proposed on that circuit it may trigger a reconductoring of a portion of the line, depending upon how far away from the substation it is located (because the capacity of the line steps down as it travels away from the substation). The storage project would pay for the reconductoring under standard interconnection cost allocation procedures, and as a result of that reconductoring as well as the presence of the storage itself, the line would be able to accommodate additional load growth without further upgrades. However, if the storage project is not built, additional load growth on that line may trigger an upgrade to the transformer as well as a reconductoring of the line, and both of those upgrades would be paid for by ratepayers.

In this case, developing an energy storage project in this location would squarely meet the intent of the DCM, by resolving the peak loading issues on the circuit, but if “capacity upgrade” is defined expansively, this project might be excluded from eligibility.

Furthermore, determining to what extent a proposed DCM resource “triggered” a capacity upgrade becomes very difficult when that Clean Peak resource is part of a group study, as most proposed projects are. A group of projects studied together would be very likely to trigger upgrades that an individual project would not trigger alone, yet individual projects have no control over whether they are studied in a group or what other projects are in the group with them. Given the near-ubiquity of group studies, and the very strong likelihood that group studies will result in “capacity upgrades”, this provision could have the effect of excluding nearly all proposed projects from DCM eligibility.

Energy storage is a relatively new technology, and both Clean Peak and the Distribution Circuit Multiplier are cutting-edge policies that attempt to take advantage of the many benefits that energy storage can provide to our electric system. It is not surprising that when implementing

such cutting-edge policy there are sources of friction and tricky questions to resolve, especially given that procedures for operating the distribution system and integrating new resources are slow to evolve. **Rather than scaling back the Distribution Circuit Multiplier to such an extent that it will go unutilized, we strongly recommend that DOER convene a stakeholder process to work through the underlying technical concerns that have led to these new restrictions being proposed. Release of a final guideline should be delayed while the stakeholder process is underway.** We would be eager to participate in such a process and work collaboratively to develop a Distribution Circuit Multiplier that meets the laudable goal of using energy storage and other Clean Peak resources to resolve location-specific challenges on the distribution system. Thank you for your consideration of our comments.

Sincerely,

Jessica Robertson
Director of Policy and Business Development, New England
New Leaf Energy