

Voltus submits this comment to the Massachusetts Department of Energy Resources regarding the second emergency rulemaking on July 19, 2024. Voltus supports the addition of the Near-Term Resource Multipliers while suggesting that DOER:

1. Raise the cap from 50 MW to 100 MW;
2. Reconsider reducing the CPS Minimum Standard;
3. Increase the ACP rate to \$90/MWh.

Raise the Near-Term Resource Multipliers cap from 50 MW to 100 MW

Voltus supports the addition of the Near-Term Resource Multiplier and believes it will significantly incentivize storage development projects before 2027 by providing a higher revenue potential in storage monetization for front-of-the-meter storage projects.

However, the Near-Term Resource Multiplier is capped at 50 MW. Since the launch of the CPS program in 2020, there have been 206.5 MW of Qualified Energy Storage Systems enrolled in the program. This averages at 46 MW per year of storage enrollment without additional incentive of the Near-Term Resource Multiplier, of which a portion of them were commissioned before the launch of the CPS program. Front-of-the-meter storage projects are typically larger in scale, and a 50 MW cap will likely be fully subscribed with only a handful of utility-scale projects, while the CPS program in its essence, encourages more projects to avoid CPECs price volatility and sustain a more reliable market.

Assuming a similar pace of development, the program needs to raise the cap to approximately 100 MW for the storage volume for both 2025 and 2026.

Reconsider reducing the CPS Minimum Standard

Voltus strongly cautions against the reduction in the CPS Minimum Standards. The CPS Minimum Standards for 2024 reduces from 7.5% to 4% and keeps a 1.5% per year increase until 2026, and after that the CPS Minimum Standards increases by 2% per year, then 4.5% per year, to 19% in 2029, which surpasses the originally planned 15%. Voltus understands that the revision comes from the practice that the CPS program is heavily under-subscribed, and energy suppliers had to pay the Alternative Compliance Payment after the struggle to procure enough CPECs, which resulted in significant cost of ratepayer money while providing very little benefit to the Massachusetts grid. However, delaying the linear CPS Minimum Standards increase for three years is not expected to improve the situation because program under-subscription is likely to persist. Voltus experiences unexpected friction in the resource enrollment process due to incoherent documentation and inaccessible program management, and strongly advocates for a streamlined process to encourage participation. Although the CPS Minimum Standards is projected to increase in an accelerated manner in the next three years, there is insufficient concurrent incentivization of new resource enrollment.

Increase to the ACP rate to \$90/MWh

Voltus has gathered feedback from several prospective participants who have expressed interest in installing storage systems. A common concern among these stakeholders is that the current project structure does not generate sufficient revenue to justify the investment. In light of this, Voltus recommends that the Department of Energy Resources (DOER) consider increasing the Alternative Compliance Payment (ACP) rate to \$90/MWh.

This adjustment would serve as an incentive for storage development and further participation in the CPS program. It is important to note that the proposed ACP rate increase would only apply when the CPEC market is undersupplied. Therefore, once the market achieves sufficient volume, the higher ACP rate would not necessarily result in additional costs to ratepayers. Encouraging greater resource enrollment is a critical first step in achieving the necessary market volume.

In conclusion, Voltus appreciates the opportunity to provide feedback on the second emergency rulemaking. We strongly believe that stronger incentives are necessary to encourage enrollment, and we specifically recommend raising the cap on the Near-Term Resource Multiplier to 100 MW, increasing the ACP rate to \$90/MWh, and addressing the challenges associated with program enrollment. By making these adjustments, DOER can drive greater participation, enhance market stability, and support the development of a more robust and reliable energy storage utilization and monetization in Massachusetts. Gaining momentum for participation in the next three compliance years will ultimately reduce costs for ratepayers once the CPS Minimum Standards increase in the near future.

Voltus remains committed to collaborating with DOER to achieve these shared goals and looks forward to continued engagement in this stakeholder process.