



August 26, 2024

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

Re: 2024 Clean Peak Standard Emergency Rulemaking Comments

Dear Ms. Meserve,

CPower appreciates the opportunity to provide comments to the Massachusetts Department of Energy Resources (DOER) on its Clean Peak Energy Standard (CPS) Emergency Rulemaking.

CPower is a leading Virtual Power Plant (VPP) Provider, with over 6 GW of capacity under management across the nation. CPower is currently developing customer-sited Commercial & Industrial (C&I) storage projects in Massachusetts as well as other states across the nation.

Customer-sited storage projects face unique challenges in Massachusetts due to recent adverse developments. These challenges could be addressed in this emergency rulemaking by making the Near-Term Resource Multiplier available to behind the meter (BTM) storage projects. More detail on this is below.

Comments

CPower supports the addition of the Near-Term Resource Multiplier to provide revenue certainty and sufficiency to stand-alone storage projects in the near-term but takes issue with the plan to make this multiplier available to front-of-the-meter (FTM) storage only.

- ***DOER should clarify that the Near-Term Resource Multiplier is available to both front-of-the meter (FTM) and behind-the-meter (BTM) storage that meet the qualification criteria.***



There is no evidence that development of front-of-the-meter storage in the Commonwealth is more challenging than development of BTM storage. Storage development of all sorts is occurring more slowly than some anticipated and more slowly than many desire due to insufficient revenues, uncertainty on both the revenue and expense side, and difficult interconnection processes. The fact of the matter is that developers of both front-of-the-meter (FTM) and behind-the-meter (BTM) storage face serious challenges in Massachusetts. We focus our comments here on obstacles for BTM storage because these are often less well understood.

The CPS provides a critical revenue stream to C&I customers considering investments in BTM storage but even with this revenue stream factored in, many projects simply do not pencil. In addition, the lack of long-term certainty on CPEC prices makes it difficult to justify investments and obtain financing.

BTM storage is generally smaller in size than FTM storage and therefore cannot achieve the same economies of scale. As a result, these resources are not economically viable without incentives, and even with the current suite of incentives, the economics for BTM storage are tenuous, at best, due to recent developments.

More specifically, in 2023, the ConnectedSolutions Program Administrators implemented a cap on the amount of incentive that can be earned by a BTM C&I storage project in the Program.¹ When this change went into effect, CPower halted development on 17 BTM storage projects because with the new incentive cap in place, the projects were no longer economically viable. The EDCs themselves have acknowledged that the economic case for smaller storage projects is challenging given rising soft costs and, further, they recognize that the recently implemented incentive cap has created yet another hurdle for small storage projects².

¹ See Mass Save Program Materials, page 3 https://www.masssave.com/-/media/Files/PDFs/Business/CI-ConnectedSolutions-Offering-Materials_June-2023.pdf

² Draft 2025-2027 Energy Efficiency and Decarbonization Plan, page 204 <https://ma-eeac.org/wp-content/uploads/Final-Draft-MA-2025-2027-Plan.pdf>



The other serious headwind that BTM storage faces relates to interconnection. The interconnection timeline continues to be longer than expected and upgrade costs coming out of this process are uncertain. These delays and uncertainty create further challenges to the economic viability of a BTM storage project.

Giving BTM storage access to the Near-Term Multiplier would help address these challenges by closing the revenue gap and providing certainty on a set of revenues that could help projects to obtain investment approval and financing. Excluding BTM storage from this multiplier is arbitrary and discriminatory. If, however, the DOER feels it is important to limit eligibility for this multiplier to FTM storage only, then it should implement a separate BTM Near-Term Multiplier with similar terms at the same time.

We will also note that while the economic case for standalone BTM storage is somewhat more challenging than that of BTM storage collocated with solar, collocated storage still faces significant challenges as well. We recommend that DOER consider expanding eligibility for the Near-Term Resource Multiplier to both standalone BTM storage and BTM storage collocated with solar. To do otherwise may discourage investments in customer-sited solar in the future.

Thank you for the opportunity to provide these comments. We look forward to continuing to work with the DOER and stakeholders to ensure the success of the Clean Peak Energy Standard.

Sincerely,

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