

Via Electronic Mail

August 26, 2024

Ms. Samantha Meserve
Director of the Renewable and Alternative Energy Division
Massachusetts Department of Energy Resources
100 Cambridge Street, 9th Floor
Boston, MA, 02114

**Clean Energy Group Comments - DOER's Clean Peak Energy Standard Program
Near-Term Resource Multiplier**

Dear Ms. Meserve,

The Northeast Clean Energy Council ("NECEC") appreciates the opportunity to submit joint comments to the Massachusetts Department of Energy Resources ("DOER" or "The Department") regarding the Clean Peak Standard ("CPS") guidelines related to the Near-Term Resource Multiplier. These comments are in response to the emergency rulemaking filed by DOER with the Secretary of State that makes changes to 225 CMR 21.00 Clean Peak Energy Standard.

As DOER has explained, the amendments make revisions to the Minimum Standard in response to anticipated near-term undersupply and long-term oversupply conditions in the market. The amendments also add a Near-Term Resource Multiplier for standalone energy storage systems connected to the distribution system that are able to come online before January 1, 2027.

We appreciate that DOER implemented the emergency changes because so many large front-of-the meter ("FTM") storage projects are at risk of becoming unviable due to the lack of sufficient value and revenue certainty provided by available revenue streams including Clean Peak. While the Commonwealth has ambitious energy storage goals, we are falling far short.

For example, we estimate that commercial and industrial energy storage has reached only 17% of the 2020 goal set in the 2016 [State of Charge Report](#). Neither industry nor the Commonwealth can afford to lose otherwise viable projects that have undergone years of study and development due to revenue uncertainty.

Without a storage procurement, and while we await an approved wholesale distribution tariff and accompanying operating parameters, the Clean Peak Standard is an unreliable revenue stream for FTM storage projects that stand to deliver significant emissions reductions, improve electric reliability, and help control costs for consumers. By some industry estimates, more than a third of these FTM projects currently in the pipeline and due to come online in the next two years

would be canceled, if not for this emergency action. Given the lack of a price floor or long-term contracts for Clean Peak credits, combined with a declining ACP, financing partners assign little to no value to Clean Peak revenue. As near-term projects face large interconnection payments, these investments are untenable without additional value and/or predictability for Clean Peak revenue.

Understanding that the scope of this emergency review is narrow, we offer a few suggestions to DOER. Other considerations have been raised already in our February comments, which we attach for reference. We look forward to the full program review and other storage program announcements from DOER in the coming months.

Near Term Resource Multiplier

First, DOER should implement a Preliminary Statement of Qualification process for the Near-Term Resource Multiplier so that projects can reserve capacity in the limited program.

This multiplier is intended to provide revenue certainty enabling continuity of investment in near-term projects. Absent a reservation, projects risk the program reaching its capacity limit prior to project Commercial Operation Date (“COD”). This resulting risk doesn’t provide the intended revenue certainty or encourage continued project development. Implementing a preliminary qualification process would increase developers’ confidence in their ability to complete projects despite short-term economic issues.

We ask that a Preliminary Statement of Qualification process be implemented in line with previous Preliminary Statement of Qualification processes, which have required the applicant to provide:

1. An executed Interconnection Service Agreement;
2. Site control; and,
3. Non-ministerial permits for the project.

Second, we recommend modifying the deadline for qualification for the Near-Term Resource Multiplier from COD by January 1, 2027 to Mechanical Completion by January 1, 2027.

DOER should revise the requirement of the Near-Term Resource Multiplier from “...must have a Commercial Operation Date (“COD”) before January 1, 2027” to “...must have a Commercial Operation Date or achieved mechanical completion and that interconnection depends only upon receipt of Notice of Authorization to Interconnect from the Distribution Company before January 1, 2027.”

To satisfy this requirement, the project shall provide a Certificate of Completion signed by the local wiring inspector, or an affidavit signed by the engineer of record stating that the project is

“mechanically complete”, or other documentation deemed satisfactory by DOER. Again, we remind the Department of the long and arduous path these projects have taken over the course of more than 4 years. A COD by January 1, 2027 is not entirely in the hands of the applicant.

For example, the applicant cannot foresee delays by the electric distribution companies, nor does the applicant have the ability to control how long upgrades take to complete. We have experienced a long history of delays for interconnection that are outside of our control. An applicant should not be withdrawn from the queue if the applicant has done their part and the project is mechanically complete and awaiting Commercial Operation by January 1, 2027.

Third, we recommend increasing the cap for the Near-Term Resource Multiplier to 150 MW.

DOER’s Charging Forward report recommended a target of 250 MW of storage for each 1GW of deployed renewables. By our estimates, Massachusetts will have approximately 5200 MW of renewables by 2027, and approximately 1000 MW of storage. This is 300 MW shy of the recommended amount of storage. This gap is unlikely to be met by utility scale storage projects in the timeframe DOER is focused on: procurement lead-times for large-scale storage projects can stretch as long as three years, so any project not currently in construction is unlikely to reach COD in 2027. Distribution-connected storage, however, can come online more quickly, which is why DOER has proposed the Near-Term Resource Multiplier. We recommend that the capacity for that multiplier be offered at a scale that is more in line with the overall gap in storage deployment. Increasing the cap to 150MW is a reasonable middle ground that appropriately encourages distribution-connected resources to accelerate development, while avoiding market saturation.

Minimum Standard

The changes to the Minimum Standard that seek to carefully balance ratepayer considerations with the industry need for long-term certainty are much needed. Ratepayer relief from undersupply in the near term helps reduce Alternative Compliance Payment (“ACP”) expenditures until projects under development are able to come online. Increasing the Minimum Standard over the longer term provides the certainty that in-development projects need to continue developing by aligning the size of the market with the energy storage needs of the Commonwealth. The Minimum Standard changes alone will not be sufficient to push these projects across the finish line and, as such, we look forward to continuing to engage in the CPS Review this fall that will make the changes we need to establish a thriving energy storage market in the Commonwealth.

More Programs and Revenue Certainty Needed for all Types of Storage

Behind the meter (“BTM”) storage and other demand-side projects also face challenges. These projects cannot achieve the same economies of scale that larger FTM storage can, and therefore rely on a combination of incentives in Massachusetts in order to achieve economic

viability. However, some of those incentives, specifically those provided by the ConnectedSolutions Program, have been greatly reduced recently due to the implementation of an incentive cap. In addition, BTM storage developers are increasingly finding that interconnection upgrades required for their projects are far more expensive than expected. These two developments together have resulted in many BTM projects dropping out of the queue due to infeasible economics.

We look forward to a timely, full CPS program review and other program proposals from DOER that can serve the needs of various storage offerings, which all offer unique values and can support the Commonwealth's emission reduction and clean energy goals.

We appreciate the opportunity to comment on this rulemaking. We also eagerly anticipate the new storage programs contemplated in the [Charging Forward Report](#). On behalf of our members, thank you and your team for your efforts in gathering stakeholder input on this emergency regulation.

Sincerely,

/s/ Natalie Hildt Treat
Director of Public Policy
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