

November 5, 2024

Samantha Meserve
Director, Renewable and Alternative Energy Division
Massachusetts Department of Energy Resources

re: Clean Peak Standard Emergency Regulations and Recommendations for Procurement Schedule

Dear Ms. Meserve,

BlueWave, New Leaf, Jupiter Power, and Flatiron appreciate the Department of Energy Resources' ("DOER") commitment to the success of the Clean Peak Standard ("CPS"), as evidenced by the Emergency Regulations promulgated in July and October of 2024. Together, these changes significantly improve program economics for projects, increasing the likely supply in the program and, thus, lowering ratepayer costs.

Emergency Regulation Changes

The Emergency Regulations promulgated in October make four changes to the CPS: meaningfully increasing the Alternative Compliance Payment ("ACP") rate, lifting DOER's 30% Clean Peak Energy Credit procurement cap, shifting the summer Seasonal Peak period by one hour, and shortening the credit banking period. The importance of the changes to the ACP and DOER's procurement authority cannot be understated. We thank DOER for recognizing the challenges that energy storage project developers have faced in responding to the Clean Peak Standard and for issuing Emergency Regulations designed to help alleviate these challenges.

We expect these changes to improve the success of the program for developers and ratepayers alike, and they reflect DOER's commitment to reliably and cost-effectively meeting our climate mandates. In particular, the change to the ACP rate is critical as it provides developers longer-term certainty of the value of the CPS program. Lifting the procurement cap and establishing a procurement schedule is similarly significant as it provides developers clarity that a procurement for long-term contracts is forthcoming, which will provide an opportunity to firm the value of the CPS for successful bidders. The contracted revenue resulting from procurement will be critical to establish the value of the CPS and to support the burgeoning energy storage market in the Commonwealth. We thank DOER for its efforts to support a vibrant storage industry that enables the clean energy transition and provides grid benefits in the Commonwealth.

Procurement Schedule and Timing

We are also providing recommendations to DOER on the schedule of procurements for Clean Peak Energy Credits, given DOER's existing procurement authority under the Clean Peak

statute and the expected additional legislative mandate for storage procurements. Our recommendations are intended to ensure that DOER's procurements align with the ISO New England Cluster Study process, allowing for the most competitive procurements for the Commonwealth.

First, as DOER is aware, there are a number of projects at advanced stages of development that require the revenue certainty provided by long term contracts in order to secure the financing needed to advance to construction. Without a procurement in the near future, these projects may not be able to move forward; as such, we recommend that the first procurement be conducted as expeditiously as possible. **Please see Appendix A for an example schedule with rough timelines that we have been assuming for planning purposes.**

For subsequent procurements, alignment with the ISO-NE cluster process will be valuable for both project developers and ratepayers. Given that interconnection is the single biggest driver of project cost and viability, a procurement schedule that requires bids to be submitted before projects have information about their interconnection feasibility and cost will lead to speculative pricing and a higher risk of cancellation of awarded projects. This can result in higher ratepayer costs if bidders pad their prices due to interconnection uncertainty, as well as a higher administrative burden and delays in meeting climate mandates if procurements must be repeated due to attrition. However, conducting procurements after the interconnection process is fully completed can also be problematic. At the end of the interconnection process projects must sign interconnection agreements and begin making very large payments. If the results of a procurement are not yet known, some developers may not be able to make those at-risk payments, and some otherwise-viable projects may be canceled. For this reason, all stakeholders will benefit from a procurement schedule that is aligned in **parallel** with the interconnection process.

ISO-NE is in the midst of revamping its interconnection study process, which will have significant implications for the procurement of energy storage resources. Specifically, ISO-NE is implementing a Cluster Study process, which will occur every 18-24 months (exactly when this process will kick off is unknown while FERC approval is pending). Because these are long interconnection processes and all new resources will be studied on the same schedule, it is important to align procurements with the right point in the process. **We recommend that the Requests for Proposals be issued in parallel with the first phase of the ISO-NE Cluster Study process, with bids due after participants in the cluster receive the preliminary results.** This will allow resources to bid into the procurement with sufficient interconnection cost information to have a well-informed bid, increasing the likelihood of project success and decreasing the uncertainty premium that would be added to bid prices if bids were due before preliminary results were known. **We further recommend that awards be issued before Interconnection Agreement negotiations begin, to allow projects to sign procurement and interconnection contracts in parallel.**

Additional Considerations for Distribution-connected Resources

We recommend that DOER conduct the first procurement as soon as possible in 2025, and a subsequent procurement in parallel with the ISO-NE Transitional Cluster, as described above. These initial procurements should be open to both transmission- and distribution-connected resources (although bids should be evaluated separately).

However, in the future, ISO-NE Cluster Studies will be occurring on an approximately 2 year cycle, yet many distribution-connected resources are not subject to the ISO-NE Cluster Study process and can thus proceed on a quicker timeline. For these projects, waiting to align with the Cluster Study could represent a material delay. As it is not currently possible to secure construction financing without contracted Clean Peak revenue, delaying a procurement will have the effect of delaying the deployment of Clean Peak resources. As such, we recommend conducting procurements for distribution-connected resources on an annual basis after the first two procurements. This will provide the certainty and predictability necessary to continue advancing projects.

Thank you for your consideration of these recommendations. Please do not hesitate to contact us with any questions.

Sincerely,

Rebecca Behrens, Flatiron
Sean Burke, Bluewave
Jessica Robertson, New Leaf Energy
Sam Williams, Jupiter Power

cc: Thomas Ferguson, DOER

Appendix A: *Estimated Detailed Schedule of First Clean Peak Procurement* (Subsequent Procurements are Recommended to be Aligned with ISO-NE Cluster Schedules)

Event	Timeline
Issue RFP	July 31, 2025 (<i>ideally earlier, which would move up this timeline</i>)
Bidders Conference	Sept. 5, 2025
Deadline for Submission of Questions	Sept. 19, 2025
Due Date for Submission of Confidential and Public Proposals	Oct 30, 2025 at 12:00 (noon) EDT
Selection of Projects/Commence Negotiations	Dec 30, 2025
Execute Long Term Contracts and MOU with DOER	Feb 28, 2026
Submit Long Term Contracts for DPU Approval	March 30, 2026
DPU Approval of Contracts	Sept 30, 2026 (reflects statutory 6-month approval, <u>at the latest</u>)