



November 18th, 2024

Elizabeth Mahony, Commissioner
Samantha Meserve, Director
Thomas Ferguson, Energy Storage Programs Manager

Renewable and Alternative Energy Division
Massachusetts Department of Energy Resources
100 Cambridge Street, 9th Floor
Boston, MA, 02114

Re: CPS Emergency Rulemaking October 11, 2024

Flatiron Energy develops utility-scale, standalone storage with a regional focus in the Northeast. The leadership team at Flatiron Energy has over 30 years of collective experience working in standalone storage and over 75 years of experience working in the energy and finance industries. The Flatiron leadership team has extensive experience developing storage in New England, in addition to a history of building over 20 operational and profitable energy storage projects. Flatiron Energy is a partially woman owned, certified B Corporation, with a commitment to ethical, community-first development.

Flatiron Energy deeply appreciates the Department of Energy Resources' ("DOER") commitment to the success of the Clean Peak Standard ("CPS") and the deployment of energy storage resources in Massachusetts. Flatiron Energy is fully supportive of the October Emergency Regulations which provide necessary program changes that will immediately and meaningfully increase clean energy investment in the Commonwealth. Flatiron Energy thanks the Healey-Driscoll administration for their continued work and commitment to building a clean energy economy in Massachusetts.

The changes to the ACP rate allow for the immediate financing and construction of hundreds of megawatts of late-stage BESS.

The October Emergency Regulation modifying the CPS Alternative Compliance Payment ("ACP") rate will allow hundreds of megawatts of storage to receive financing and commence construction in Massachusetts. These late-stage projects, which will provide millions of dollars in local investment to their host communities, would not have been able to progress without these changes. Flatiron Energy thanks DOER for moving expeditiously in modifying the ACP to allow for this significant clean energy investment.



The increase to the ACP rate remedies the primary barrier energy storage faced to deployment in the Commonwealth, which was an artificial ceiling that limited the ability of storage to be compensated for their benefits. The ACP rate restricted the ability of storage to receive financing, preventing large-scale storage from being built in the Commonwealth since the inception of the Clean Peak program. Changing the ACP to \$65/MWh through 2032 will compensate early projects for their ability to come online quickly to meet the growing renewable energy production in the state and ensure that clean energy is not only used when produced, but also when fossil fuel emissions would otherwise be highest. By holding the ACP steady at \$45/MWh thereafter, DOER will increase the supply of CPECs in the state, increasing competition and making it less likely that ratepayers will pay the Alternative Compliance Payment.

Together, these changes to the ACP rate allow late-stage projects in Massachusetts to rapidly move forward in development. The changes are expected to result in over \$100 million in investment in the coming six months. In issuing the October Emergency Regulations, DOER acted with the urgency necessary to meet the needs of the Commonwealth in the coming years and created a clear signal for energy storage to invest in the state.

The Emergency Regulations pave the way to create long-term contracts necessary to meet the Commonwealth's 2030 clean energy goals.

The ACP change will be effective at allowing risk-tolerant, late-stage projects to continue to develop, and will permit close to a gigawatt of projects to come online in the coming years. However, without long-term contracted revenue, many other projects will face difficulty in raising the cost-effective capital necessary to commence construction. In order to deploy 3 GW of storage by 2030, as was recommended by the 2023 Charging Forward Report,¹ long-term contracts will be needed to close this gap. The October regulations are an important first step to enable this, as they increase the percentage of retail load that may be procured via long-term contracts.

Given the capital-intensive nature of battery storage projects—in particular utility-scale—increasingly lenders require projects to demonstrate long-term revenue certainty, i.e., that high levels of the project's revenue are contracted with an offtaker (i.e., a state agency or utility) for a term of at least 10- to 15-years. Projects that demonstrate these factors are more attractive to secure the financing necessary to move into the construction phase. To expand the pool of capital to finance at least 3GW of storage by 2030, issuing an RFP for CPECs will be necessary. These

¹ The 2023 Charging Forward report recommends 250MW of storage for every 1GW of renewable energy deployed by 2030 (p. 18). The “Massachusetts Climate Report Card - Power Decarbonization”, estimates there will be 12,010 MW of renewables by 2030 (3,650 megawatts of wind capacity, onshore and offshore combined, and 8,360 megawatts of solar capacity).



long-term contracts derisk the revenue profile and allow security for both ratepayers and developers that there will be a long-term supply of cost effective and clean generation to meet peak demand.

Flatiron Energy fully supports the October Emergency Regulations and thanks DOER for their commitment to continually improving the CPS program. These changes are transformative to the Clean Peak Standard and allow it to reach its full potential as a powerful tool for incentivizing the deployment of energy storage in the Commonwealth.

Sincerely,

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