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November 18, 2024

**By email to [DOER.CPS@mass.gov](mailto:DOER.CPS@mass.gov)**

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**Subject: 2024 CPS FOLLOW-ON EMERGENCY RULEMAKING COMMENTS**

Mr. Ferguson:

On October 11, 2024, the Department of Energy Resources (“DOER” or “Department”) filed an emergency rulemaking with the Secretary of State amending the 225 CMR 21.00 Clean Peak Energy Standard (“CPS”) program (“October 11<sup>th</sup> regulation”). It importantly revises the Alternative Compliance Payment (“ACP”) Rate for the CPS Minimum Standard. RENEW Northeast, Inc. (“RENEW”)<sup>1</sup> appreciates the opportunity to submit these comments on the October 11<sup>th</sup> regulation.

**I. The Revised ACP Rate of \$65 through 2032 Will Assist Late-Stage Storage Projects Reach Commercial Operation**

The CPS program design today has an ACP rate whose declining price ceiling is insufficient to cover the missing money gap that is necessary for investors to support most energy storage projects in the state. The low, declining ACP rate makes it more likely that ratepayers will be paying the ACP rather than for CPECs that will help Massachusetts attain its greenhouse gas reduction requirements.

RENEW strongly supports the October 11<sup>th</sup> regulation increasing the ACP rate to \$65 through 2032 to provide late-stage storage projects with increased revenue for a longer period that will provide greater investor confidence to finance projects so that they come online in time to meet 2030 climate requirements. Resetting the ACP to \$45 starting in 2033 will provide sufficient time to capture the benefits of the higher ACP. Without additional regulatory certainty provided by this ACP change, it will not be possible to make near-term investments in

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<sup>1</sup> The comments expressed herein represent the views of RENEW and not necessarily those of any particular member of RENEW. RENEW Northeast ([www.renewne.org](http://www.renewne.org)) unites environmental advocates with developers and operators of the region’s largest clean energy projects to coordinate their ideas and resources with the goal of increasing environmentally sustainable power generation in New England from the region’s abundant renewable energy resources.

interconnection upgrades and projects will be at risk of delay or cancellation. Any delay in the ACP increase will extend the scheduled construction timeline for most energy storage development expected to attain commercial operation in the years 2026 to 2029. These projects represent a significant portion of energy storage resources that can be built prior to 2030 to meet Massachusetts greenhouse gas reduction requirements.

## **II. The Planned CPS Procurement Is Essential for the Commonwealth to Meet Its Energy Storage Requirements**

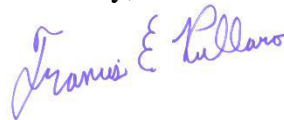
The planned DOER energy storage procurement for 2025 will also help projects interconnecting at the transmission level overcome those significant barriers for investment. The current CPS makes financing projects difficult due to the lack of long-term CPEC price certainty. Giving developers the ability to compete for contracts can eliminate this uncertainty. As the *Charging Forward* report observes, without long-term contractual commitments with creditworthy counterparties, these projects cannot be financed and will not be built.<sup>2</sup> This is an especially important point today as storage projects are potentially facing decreased wholesale market revenue potential due to the expected change from average to marginal accreditation in the ISO New England (“ISO-NE”) capacity market.<sup>3</sup>

Given the long-lead time to procure, permit, and build projects, RENEW urges DOER to conduct its procurement no later than the proposed July 31, 2025, date although we see strong benefits if the schedule can be accelerated. Project construction typically takes at least two years from the awarding of a contract to commercial operations. Today’s late-stage energy storage projects seeking to achieve commercial operation in 2027 or 2028 must execute long-term contracts within the next year if they are to secure financing and adhere to their development schedules.

## **III. Conclusion**

Thank you for considering RENEW recommendations on the October 11<sup>th</sup> regulation that will enable the financing of projects and ensure their completion in time to meet the Commonwealth’s 2030 clean energy and legal greenhouse gas reduction requirements.

Sincerely,



Francis Pullaro  
President

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<sup>2</sup> DOER and MassCEC (STUDY), *supra* note 4, 21-22.

<sup>3</sup> See e.g., ISO-NE, *Capacity Auction Reforms Continued Discussion of Project Scope* 15, 42 (August 6, 2024), [https://www.iso-ne.com/static-assets/documents/100014/a02\\_mc\\_2024\\_08\\_06\\_scope\\_considerations\\_car\\_iso\\_presentation.pdf](https://www.iso-ne.com/static-assets/documents/100014/a02_mc_2024_08_06_scope_considerations_car_iso_presentation.pdf). This would compound the challenges of already low FCM auction clearing prices as well as the recent elimination of the ISO-NE FCM 7-year price lock capacity auctions.