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Deputy Director Meserve,

On behalf of Convergent Energy + Power ("Convergent", "we"), I would like to thank the Department of Energy Resources ("the Department", "DOER") for the opportunity to comment on the Distribution Circuit Multiplier proposal under the Clean Peak Standard ("CPS") program. We are excited to see that the state has recognized the power of such an incentive to direct development to particular points of the grid, and elicit the benefit from the dynamic capabilities of storage and other resources. In light of the evolving discussion around multiplier design, I would like to submit the following comments for your consideration.

Circuit Designation

Convergent commends DOER for its commitment to clarity in the formation of the multiplier, as it alleviates complication in both program management for the Department and energy distribution companies (EDCs) and in program participation for interested developers, investors, and project hosts/clients. We concur that the EDCs' annual Grid Modernization reports are appropriate source material in determining the priority circuits to address solar saturation and increasing peak demand, as well as the proposed formulaic methodology for identifying them. The use of existing, public data sets ensures that DOER's goals of actionability and transparency are maintained, while facilitating timely development and enactment of the multiplier as it has been discussed.

The draft proposal suggests an inclusion of up to 10% of an EDC's circuits (split amongst both saturation and peak circuits) and the desire to focus on a selection of circuits in the 75th-85th percentile per the suggested circuit identification formulae. Understanding that the multiplier must be limited, Convergent recommends instituting a megawatt cap per EDC (at a size reasonable to EDC's circuit footprint, customer base served, etc.) per program year, as has been suggested in the straw proposal, and allowing projects to be eligible for the multiplier on a first-come, first-served basis so long as the chosen circuit falls within the priority percentile (75th-85th, or other) for the respective EDC. Allowing this range-- rather than directing development to a limited number of explicit circuits-- can help alleviate concentrated congestion that may slow utility or developer progress in bringing projects online, avoid overbuild, and prompt wider geographic distribution (addressing a DOER concern that the circuit identification formulae may result in clustered hot-spots).

DOER's rationale for focusing upon a lower percentile of circuits is logical, as the areas most in need [90th-100th] of upgrade and investment will likely already be targeted by the EDC in the near-term. However, according to DOER's examples used in past stakeholder sessions, this leaves the 85th-90th percentile unaddressed. This segment seems fit for inclusion in the circuit multiplier target range-- doing so would not foreseeably increase program costs, and could result in proactive provision of solutions for "middling" stressed circuits.

Multiplier Eligibility

Previous discussions have alluded to the delays faced by CPS-eligible asset developers that may arise from unanticipated changes in permitting, sourcing, and construction-- factors recently exacerbated by supply chain shortages, COVID-19, geopolitical events, and other forces. Given that the Department acknowledges that certainty must be provided for developers to finance, build, and operate assets, Convergent encourages DOER to adopt an incentive reservation period that provides a period of time beyond the year of circuit identification/granting of multiplier to allow the asset to reach commercial operation with the guarantee of a preserved circuit multiplier.

In 2021 engagement sessions, DOER had indicated that the multiplier would be provided for the lifetime of the asset, alluding to 15-20 years. Noting that the latest proposal indicates an 8-year incentive period, Convergent stresses the need for clear, maintained market signals commensurate with the intended lifetime duration of benefits provided by participating assets. Given operational limitations and in absence of value-stacking opportunities for participating standalone storage (a primary CPS-eligible technology), an 8-year limit would diminish investor confidence and would likely prompt attempts to update operating parameters following multiplier expiration in order to monetize performance through other avenues. The latter would both undermine the implied purpose of the multiplier (to provide asset-lifelong renewable energy integration and peak smoothing services), and challenge assumptions made by EDCs using CPS assets' operating schedules to inform distribution planning, investment, and upgrade decisions. Asset-lifetime eligibility of the circuit multiplier is therefore necessary to ensure the viability and reflective compensation of a participating asset and its provided services.

Present allusion to operating limitations for eligible standalone storage in the latest draft proposal—either imposed in an asset's ISA or per undefined EDC intervening signals—are vague, and further cloud the ability to anticipate an asset's operating capabilities. In light of this subjectivity, Convergent recommends aligning the multiplier's operating limitations with the parent CPS program.

Other Comments

We recognize that DOER is investigating the inclusion of geographic distribution and environmental justice (EJ) considerations to the multiplier, as an effort to institute equity. Convergent assents that such considerations are necessary when designing a clean, modern grid. However, incorporating these concepts as variables in circuit or multiplier designation will likely have a complicating effect. Convergent suggests that DOER view the EJ matter as an additional consideration-- perhaps providing a premium atop the double multiplier or allowing eligible projects to be included outside of a program year cap, if projects are proven to service an area fitting EJ criteria.

Thank you again to you and your colleagues for your continued engagement with a broad range of stakeholders throughout this and adjacent proceedings. We look forward to being involved in future discussions regarding the multiplier, and I encourage you to contact me should I be of assistance in clarifying the aforementioned.

Most respectfully,



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