



March 25, 2022

Deputy Director Samantha Meserve
Renewable and Alternative Energy Division
Massachusetts Department of Energy Resources
100 Cambridge Street, Suite 1020
Boston, MA 02114

Dear Deputy Director Meserve,

Borrego Solar Systems, Inc. (Borrego) appreciates the opportunity to provide comments on the Distribution Circuit Multiplier Straw Proposal for the Clean Peak Standard. We support the comments separately filed by the Northeast Clean Energy Council. In particular, we agree with NECEC's comments that the circuit multiplier should be applied for the life of the project, given that both the service a facility is providing and the operational restrictions placed on that facility will most likely persist for the full life of the project.

Requirements for Statement of Qualification Application

Borrego has always supported high maturity requirements for reserving capacity in any state incentive program, and our position on Clean Peak is no different. However, the current guidelines state that Permission To Operate and/or Authorization to Interconnect is required for energy storage systems to receive a statement of qualification¹. This milestone occurs at the very end of the project development process, after the project and any interconnection upgrades have been fully constructed. **We recommend that the requirements for a Clean Peak Statement of Qualification Application be revised to align with the requirements for SMART; namely, site control, approved permits, and a signed interconnection service agreement.** As DOER has experienced with the SMART program, this level of project maturity is sufficient to minimize project attrition, while at the same time striking a balance by not requiring an unreasonable level of development spending at risk before an incentive level can be guaranteed. Requiring construction to be complete in order to apply for a Clean Peak Statement of Qualification, on the other hand, requires developers and facility owners to spend millions of dollars at risk before they lock in eligibility for the circuit multiplier and/or the distribution companies' Clean Peak procurements.

Duration of Multiplier Availability

For the same reasons detailed above, we strongly recommend that the multiplier be available for a full year after a given set of circuits is identified. As DOER is aware, the project

¹ <https://www.mass.gov/doc/clean-peak-energy-standard-sqa-required-document/download>

development cycle is much longer than one year, and interconnection timelines are likely to be longer than average in constrained areas of the distribution system. If the distribution circuit multiplier is only applied to a certain set of circuits for a year before the list is revised, this guarantees that the multiplier will not be effectively incentivizing development in desired locations, but rather rewarding resources that were going to be built in those locations anyway. Any project that can be fully constructed without a guarantee that it will receive the multiplier by definition does not need that multiplier in order to be economically viable. Therefore, ratepayers will be overcompensating these projects.

Without a reasonable level of confidence that the multiplier will be available, developers are unlikely to spend the development capital at risk. Projects located in areas likely to receive the circuit multiplier are also likely to have higher project costs due to interconnection (especially for PV saturated circuits) and/or higher land values (especially for high peak load circuits). Without the multiplier, these projects are less likely to be economically viable and therefore a reasonable level of confidence in securing the multiplier is necessary in order for development in these areas to occur.

Potential Filters for DCM Valuation

We appreciate and strongly agree with the guide posts of simplicity, transparency, and actionability. For that reason, we recommend establishing a single multiplier for all selected circuits. The other filters cited in the straw proposal should be used at most as a method for selecting circuits, not weighting the value of the multiplier. Specifically:

- If geographic distribution is used as a criterion, we recommend that it be no more detailed than utility service territory. We see no reason that geographic distribution on its own is desirable; that would almost certainly lead to prioritizing circuits that are less constrained simply to achieve geographic distribution.
- We recommend that circuits that have already been designated for reliability or other upgrades be excluded from the circuit multiplier, not used as a selection criterion or value weighting factor. Clean Peak resources on these circuits would most likely be redundant with the planned upgrades.
- We recommend a cautious approach to incentivizing siting Clean Peak resources in environmental justice communities. While environmental justice communities may be able to benefit from a clean peak resource resolving a grid constraint in their area, many EJ communities have borne a disproportionate burden from the siting of infrastructure and may not want to encourage additional utility infrastructure in their communities. While it is important for all state programs to ensure that benefits flow to disadvantaged communities and residents, siting clean peak resources in these communities may not be considered a benefit by residents. Rather than a blanket selection criterion or value weighting factor, EJ siting is best addressed in a case-by-case manner that allows for community input.
- It is unclear how DOER may use the number of customers on a circuit as a selection criterion or weighting factor. This criterion does not seem to apply to circuits facing PV saturation. For circuits with high peak load, it *could* make sense to use the number of

customers as a criterion in selecting circuits to receive the multiplier, since there may be more potential for peak load to grow if there are more customers (i.e. a given amount of total load growth would represent a smaller average load growth per customer).

However, we do not think this criterion should be used to weight the value of the multiplier, and its value as a selection criterion should be weighed against the added complexity its use would introduce.

- Regarding weighting by relative peak demand as compared to annual energy delivered, we agree that circuits with steeper peaks are a better use case for a battery, while consistently overloaded circuits are a better use case for a utility upgrade, and therefore this could be a useful selection criterion. However, use of this criterion should be dependent upon the public availability of the relevant data and DOER should be wary of unnecessary complexity.

Thank you for your consideration of the recommendations detailed above. We look forward to continued dialogue with the Department as the Clean Peak Distribution Circuit Multiplier is developed.

Sincerely,

Jessica Robertson

Director of Policy and Business Development, New England
Borrego Solar Systems, Inc.