



# Clean Peak Energy Portfolio Standard (CPS)

## EDC Procurements Straw Proposal

# Procurement Objectives

- Spur new and incremental clean peak resource development
- Provide revenue certainty for clean peak resources to enable financing
  - Decrease the risk of a new market
  - Target resources which do not have existing policies that provide long-term revenue certainty
- Provide cost-effective CPEC supply

# Straw Proposal Structure

- EDCs hold RFPs twice-per-year, to award to resources that produce CPECs
  - RFP will be designed to procure up-to a certain number of CPECs
  - RFP seeks bids from eligible resources to provide a pre-determined number of CPECs per year at a fixed price-per-CPEC, for a pre-determined duration (6 years) of the CPEC contracts
  - Bidders would submit proposed projects with the number of CPECs and \$/CPEC pricing
  - Awarded bids would have the auction clearing price up to the total number CPECs accepted through the RFPs
    - Alternative structure: award the bids at as-bid prices
  - Awarded bids are enrolled in the Tariff for payment and CPEC transaction
    - Tariff would provide \$/CPEC as awarded for a 6-year term
    - Tariff enrollment only conveys CPECs (not bundled with energy, capacity, or any other services the resources can provide)

# Straw Proposal Structure: Eligibility

- Eligible for Tariff enrollment:
  - New RPS resources
    - Exclude: Projects receiving SMART incentives, 83C contracted offshore wind resources  
Reason: Already receive long-term revenue from other programs
  - New Energy Storage
    - Exclude: Projects receiving SMART Adder incentives for energy storage, Connected Solutions ESS,  
Reason: Already receive long-term revenue from other programs
- Eligible to count toward Procurement, but not in Tariff:
  - EDC owned CPS Resource CPECs
    - Anticipate a limitation on the % of an EDCs procurement target which can be met with EDC owned resources
    - EDCs can produce more CPECs than the limit, they just would not count toward procurement target
  - SMART STGU & 83C OSW CPECs

# Size of Procurement

- 225 CMR 21.05(8) establishes that
  - “procurements shall be designed to achieve an initial target of 30% of the total market obligation of Retail Electricity Suppliers in a given Compliance Year.”
    - 225 CMR 21.05(8)(b) enables DOER adjust the 30% according to market supply, increasing scale of procurement in response to an undersupplied market, and decreasing scale in response to an oversupplied market.
- Proposed Method to Determine # CPECs in RFP
  - Targeted Annual # CPECs in tariff = target – met with other procured CPECs [self-owned (limited), SMART, OSW]]
- Annual target would account for CPECs supplied from those enrolled in the tariff from previous RFPs
- Tariff size would adjust according to total EDC procurement target
- All CPECs in tariff, including past years, count toward the EDCs’ target

# Straw Proposal Structure: Terms

- RFP & Tariff to include a CPEC delivery requirement
  - May be a percentage of a projects total CPECs produced and need not be 100%
- Penalties
  - Penalty schedule may be established through tariff and may be technology and/or development stage specific
    - Penalty = X percent (%) of the expected CPEC revenues awarded
- Termination
  - Termination can only occur with EDC permission or force majeure/destruction
- At the end of the tariff terms (6 years), the resource will own all future CPECs

# Potential Enhancement: Targeted CPS Resource Deployments

- DOER may work with EDCs to:
  - Establish Distribution Circuit Multipliers to target resource deployments to areas of the grid which see the greatest benefit from CPS resources

# Implementation

Q1 '21

- DOER to release Procurement Straw Proposal for public review
  - Provide opportunity for Q&A
- DOER to take public feedback on the straw procurement proposal
- DOER to release a Procurement Guideline to 225 CMR 21.00 establishing

Q2 '21

- EDCs file Tariff
- EDCs to draft RFP in consultation with DOER

Q4 '21

- EDCs release first RFP by end-of-year 2021