

May 29, 2020

Sent via electronic correspondence to doer.smart@mass.gov

Patrick Woodcock, Commissioner
Massachusetts Department of Energy
Resources 100 Cambridge Street, Suite 1020
Boston, MA 02114

Re: Comments in Response to SMART Program Emergency Regulations Issued April 14, 2020

Dear Commissioner Woodcock,

The Energy Storage Association (“ESA”) appreciates the opportunity to provide comments relating specifically to energy storage on the emergency regulations released by the Department of Energy Resources (“DOER”) on April 14, 2020 to update the Solar Massachusetts Renewable Target Program (“SMART”).

ESA is the national trade association dedicated to energy storage, working toward a more resilient, efficient, sustainable and affordable electricity grid—as is uniquely enabled by energy storage. With approximately 190 members, ESA represents a diverse group of companies, including independent power producers, electric utilities, energy service companies, financiers, insurers, law firms, installers, manufacturers, component suppliers, and integrators involved in deploying energy storage systems around the globe. Further, our members work with all types of energy storage technologies and chemistries, including lithium-ion, advanced lead-acid, flow batteries, zinc-air, compressed air, and pumped hydro among others.

We appreciate the DOER for considering storage as a part of updates to the SMART program, including the new provision that requires energy storage to be included on solar photovoltaic systems of 500 kW or greater. ESA respectfully recommends modifications to the energy storage adder provisions and land-use rules to encourage further development of solar photovoltaic technology paired with energy storage systems. Such modifications will contribute to meeting the goals of the SMART program while also increasing utilization of solar power generation and reducing system losses.

Respectfully,



Jason Burwen
Vice President, Policy
Energy Storage Association

RECOMMENDATIONS OF THE U.S. ENERGY STORAGE ASSOCIATION ON PROPOSED SMART PROGRAM REGULATIONS

ESA commends the DOER for engaging stakeholders on the emergency regulations to update the Solar Massachusetts Renewable Target (“SMART”) program (225 CMR 20.00) that were issued by the Department of Energy Resources (DOER) on April 14, 2020. ESA applauds the DOER for expanding the program and supports the new requirement in the emergency regulations for energy storage systems to be paired with solar photovoltaic systems of 500 kW or greater. To ensure that the SMART program promotes solar-paired energy storage in a manner consistent with the Commonwealth’s economic development and sustainability objectives, ESA respectfully recommends several further modifications in our comments below regarding the storage incentive adder and land-use rules. Specifically, ESA recommends that the DOER (1) allow virtual pairing of large solar projects with storage to satisfy new requirements; (2) eliminate the continued phase down of the incentive adder for energy storage in the program expansion; (3) expand opportunities for longer duration energy storage systems to be eligible for the energy storage adder in the program expansion; and (4) modify proposed land-use prohibitions to avoid inhibiting the development of larger-scale solar projects required to integrate energy storage systems.

ESA supports the DOER’s requirement introduced in its emergency regulations that new solar projects of 500 kW or greater install energy storage for SMART program eligibility. To ensure that this requirement does not inadvertently slow new project deployments and meets the objectives of this provision, ESA respectfully suggests that the DOER allow applicants to meet this requirement not only through onsite co-location, but also through operational or contractual pairing with a non-co-located energy storage resource. Doing so would be consistent with the eligibility requirements for the Clean Peak Standard as proposed in 225 CMR 21.05(1)(a)(2)(b),

and will provide greater flexibility for project developers to meet the new requirements while also meeting SMART program objectives.

ESA respectfully recommends that DOER eliminate the phase down of the storage incentive adder for any additional capacity blocks beyond the original eight in the SMART program to better sustain the financing resources of solar-plus-storage projects. The incentive adder presently declines by 4% in each solar generation capacity block—representing approximately a 30% decline in value over the present 8-block program. As the expansion of the SMART program would create an additional eight capacity blocks, a continued 4% decline in each capacity block would result in approximately a 50% decline in storage incentive adder value over the expanded program. In the wake of the COVID-19 public health emergency and as interconnection costs are reportedly increasing, solar and storage developers and asset owners have reported reduced ability to finance projects. Due to these drastic changes in market conditions, ESA recommends the DOER maintain the storage incentive adder at a constant level in the program expansion to better support solar projects to continue adding energy storage through successive capacity blocks.

ESA also recommends that DOER expand the duration of energy storage that qualifies for storage adder incentives. As currently written, the SMART program provides an incentive adder for storage energy capacity up to six hours of duration at rated capacity, with no credit given for additional duration. Longer duration energy storage can bridge longer gaps in solar power generation that may become more impactful as solar deployments increase. Additionally, longer duration storage paired with onsite solar generation can provide increased resilience value to customers. ESA recommends that the next stage of the SMART program allow the energy storage incentive to provide credit for durations up to 12 hours, using the existing formula.

Finally, ESA recommends that DOER mitigate the impact of land-use restrictions proposed in the emergency regulations for larger project development. The Massachusetts SMART program

has been the main driver of energy storage deployments in the Commonwealth thus far and will continue to be an essential instrument to attain its energy storage and overall clean energy goals. Most energy storage capacity installed under the SMART program has been paired with large ground-mounted solar projects, and the DOER's new storage requirement on 500+ kW solar projects will drive further such deployments. The DOER's proposed land-use restrictions, however, are expected to significantly reduce state territory available for SMART project development, including the majority of sites that are currently under development for large ground-mounted solar projects. Remaining parcels of land eligible for development offer limited potential for large ground-mounted solar projects, which will need to factor in increased footprints to comply with the requirement to add energy storage consistent with current codes & standards. To ensure that DOER's goals for deployment of solar and energy storage projects are met, ESA recommends that DOER modify the new land-use prohibitions, both for new and existing earlier-stage projects, to avoid unduly limiting the development of larger energy storage-paired solar projects of 500 kW or greater. Additional flexibility regarding customer acquisition requirements will also allow more energy storage systems paired with community solar and low-income community solar projects to reach their full deployment potential.

ESA appreciates the opportunity to provide these comments in support of the revised SMART regulations and thanks the DOER for its consideration of recommendations intended to strengthen the program. ESA looks forward to working with the DOER and other stakeholders to ensure the program achieves the desired public policy objectives while maintaining program simplicity that enables participation by a range of storage and solar technologies and applications.