83E Stakeholder Questions

The Massachusetts Department of Energy Resources ("DOER"), the Massachusetts Electric Distribution Companies ("EDCs"), and the Attorney General's Office ("AGO") (collectively "RFP Drafting Parties") welcome public comments on the following areas relevant to a forthcoming Request for Proposals ("RFP") for a first-round solicitation for mid-duration energy storage projects under Section 83E ("83E Round 1"). The RFP Drafting Parties provide the areas for comment below to solicit input from interested parties and stakeholders on specific questions of interest related to 83E Round 1, which is for procurement of environmental attributes only. While the RFP Drafting Parties are currently focused on 83E Round 1, please provide and mark any comments on considerations for 83E Round 2 and other future Section 83E procurements. Interested parties and stakeholders are invited to provide comments in response to the prompts below and/or on any other topics related to 83E Round 1.

Whenever possible, please provide explanations or justifications for any recommendations provided. Please note that the RFP Drafting Parties will consider comments in drafting the RFP but not otherwise respond to comments received.

Submission Instructions: Please submit all comments via email to Thomas.Ferguson@mass.gov as soon as possible, but no later than 5:00 pm on March 7, 2025. Please include "83E Round 1 Comments" and the name of the individual or organization submitting comments in the subject line.

Confidentiality: Please note that all comments received will be posted publicly on the MACleanEnergy.com webpage following the submission deadline; unless a party indicates its submission contains proprietary or commercially sensitive business information that should be treated as confidential energy information, to the extent permitted by law. Public information is highly preferred as the RFP Team may cite and refer to public comments. Confidential submissions should be clearly marked "CONFIDENTIAL" and submitted along with a public version with any such confidential information redacted. Commenters are encouraged to limit redactions to the extent possible.

Pursuant to DOER's authority under Massachusetts General Law Chapter 25A, Section 7, and Section 83E certain energy and other information collected by DOER can be maintained for the sole and confidential use of the Commonwealth, its agencies, and offices. DOER may also apply any applicable exemption under the Commonwealth's public records law. DOER shall also confidentially provide any and all confidential comments or responses to the EDCs, the AGO, the Section 83E Independent Evaluator, and possibly to the Massachusetts Department of Public Utilities (collectively, "Massachusetts Parties") in a manner as determined by DOER, in its sole discretion. In the event confidential information is submitted to DOER and confidential treatment is not afforded for any reason, by a governmental agency or otherwise, or any confidential information is inadvertently made public, DOER and the Massachusetts Parties shall not be held responsible.

1. **Procurement Schedule**:
   a. The factors the RFP Drafting Parties should consider when designing the schedule for the 83E Round 1 solicitation, including deadlines for bid submission and selection of projects for negotiation. Please include as much specificity in key schedule milestones and timing as well as justification for preferred dates.
   b. How the 83E schedule could be designed to best align with other energy storage procurements being conducted or planned in neighboring New England states.
2. **Environmental Attributes:**
   a. The environmental attributes in addition to Clean Peak Energy Certificates ("CPECs") that could be procured from your project.

3. **<u>Clean Peak Qualification</u>:**
   a. Any barriers to energy storage facilities qualifying for the Clean Peak Standard ("CPS") or other attribute-generating program.
   b. Whether you have been awarded a Clean Peak Program Statement of Qualification ("SoQ") for the project you intend to bid into this solicitation.
      i. If not, whether you anticipate having a SoQ prior to bidding your project.

4. **<u>Eligible Bids</u>**:
   a. Project's technology type (e.g., lithium ion, flow batteries, thermal, etc.), and how it meets the defined Section 83E criteria.[1]
   b. Appropriate minimum and/or maximum bid size, both in terms of MW and Attributes.
   c. Minimum delivery requirements (e.g., a certain number of CPECs delivered that is a function of Qualified Energy Storage Systems ("QESS") capacity); the frequency with which that requirement must be met (e.g., over entire contract, yearly, quarterly); and inclusion of an operational schedule in the bid to support delivery feasibility.
   d. Appropriate project maturity requirements.

5. **<u>Facilitating the Financing of Projects</u>:**
   a. How the requirement from Section 83E—that this solicitation provide a "cost-effective mechanism for facilitating the financing of beneficial, reliable energy storage systems"— could be applied under this RFP.
      i. Standards the RFP should set to confirm that projects are using this solicitation to facilitate financing.
      ii. How those standards could be applied to existing projects to allow their participation in this RFP.
   b. The application of tax credits, for example the Investment Tax Credit and associated guidance, towards the financing of new projects, including whether your project would still be fully financeable if these credits are <u>not</u> available.
   c. The approximate percentage of your capital costs met by:
      i. CPECs revenue
      ii. Energy/Energy Arbitrage
      iii. Ancillary Services (Regulation, etc.)
      iv. Forward Capacity Market
   d. The risks associated with each revenue over the life of the project.
   e. Please comment on the following examples of lifetime values pictured below from the Massachusetts *Charging Forward* report and how they may correspond to your project

[1] This first solicitation intends to procure "mid-duration storage", defined in the statute as storage "that is capable of dispatching energy at its full rated capacity for a period equal to or greater than 4 hours and up to 10 hours."

Figure 2-12. FTM Tx Connected Benefits and Cost Stack – Developer Perspective

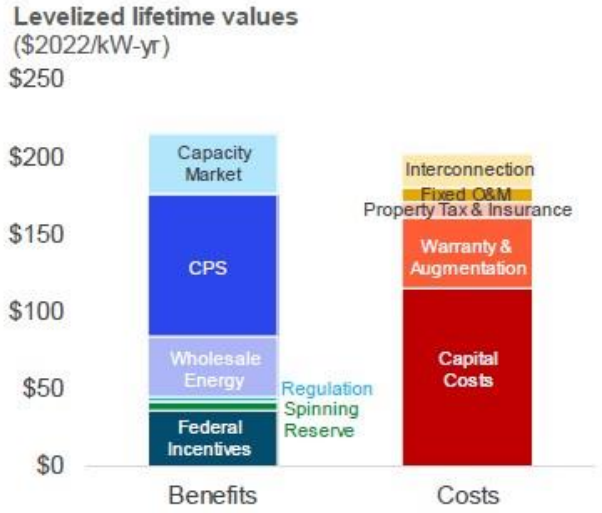
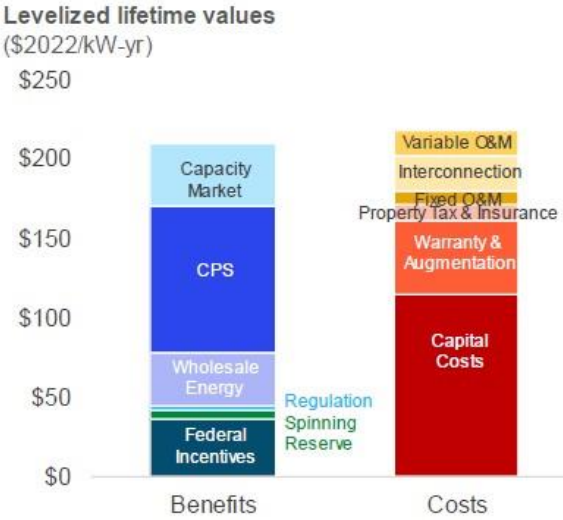


Figure 2-16. FTM Distribution Connected Benefits and Cost Stack – Developer Perspective



f. How a project's participation in the ISO-NE market affects its bid. Please specifically comment on how any ISO-NE operational obligations will impact the creation of CPECs.

g. How a project and potential awarded contract will contribute to short- and long-term affordability for ratepayers in the Commonwealth.

6. <u>Commercial Operation Date</u>:

a. Any appropriate commercial operation date for Section 83E Round 1.

7. <u>Resource Types</u>:

a. Whether this procurement should allow for both transmission and distribution connected resources.

b. The appropriate resource mix in Section 83E Round 1 procurement between distribution-connected QESS and transmission connected QESS.

i. If both distribution- and transmission-connected QESS are to be procured in Section 83E Round 1, please comment on:

1. The need, if any, for a carveout for either distribution- or transmission-connected QESS; and
2. The need, if any, for separate bidding criteria between distribution- and transmission-connected QESS to be considered by the RFP drafting parties.

8. Contract Length and Form:

a. The contract length, for a period of up to 30 years, that should be considered under Section 83E Round 1 and associated reasoning, including how the contract term will facilitate the financing of the project, how the term aligns with useful life, augmentation schedules, etc.

b. Given the degradation of battery performance over time, how contractual provisions for operational security should be constructed to assure optimal/maximum performance for the duration of the contract.

c. For distribution-connected QESS, how the EDCs would develop manageable contract agreements, including but not limited to defined aggregations with one negotiated contract.

9. Safety:

a. Which safety standards should be required as a minimum baseline.

b. The safety systems, insurance requirements, relationships with emergency responders and host communities, emergency response plans, and any other necessary protections to keep adjacent communities safe.

10. Project Viability and Other Qualitative Factors:

a. Any risks associated with uncertainty related to tariffs on imports that may impact the supply chain for energy storage systems. Similarly, any risks associated with uncertainty related to the domestic supply chain.
   i. What strategies can be implemented to minimize these risks and increase project viability.

b. The key elements that should be considered in evaluating project viability, including any minimum requirements for participating in the RFP. Please specifically comment on:
   i. Site control
   ii. Interconnection studies
   iii. Technical and logistical viability
   iv. Ability to finance the project
   v. Bidder experience

c. Any other considerations that should be considered when drafting the RFP that would impact project viability.

d. How the above factors are considered in CPS Qualification.

11. Grid Resiliency and Transmission Needs:

a. How Section 83E Round 1 may be designed to best encourage investments and commitments that maximize grid resiliency and fulfill transmission needs in specific geographic locations. Please be as specific as possible in describing resiliency and transmission needs.

12. Economic Development, Workforce, and Diversity, Equity & Inclusion (DEI):

a. How Section 83E Round 1 could be designed to best encourage investments and commitments that maximize economic benefits to the Commonwealth, particularly for transitioning fossil fuel communities, support workforce harmony, and advance DEI goals.

13. Environmental Justice:

a. How Section 83E Round 1 could be designed to best encourage project design and investments that avoid negative impacts on, and direct positive benefits of the project to, Environmental Justice ("EJ") communities.

14. **Energy Storage Industry**:
    a. Any trends in or around the energy storage industry that may impact the Section 83E Round 1 procurement and how the RFP Drafting Team should account for them.

15. **Future RFPs:**
    a. Whether and how the RFP drafting team should consider inclusion of energy services in future 83E RFP Rounds, both in terms of how future RFPs would be similar or different from 83E Round 1's RFP, which is only for environmental attributes.
    b. The use of indexing or other adjustment mechanism.

16. **Other**:
    a. Any additional comments that you believe should be known by or would be helpful to the RFP drafting team.