March 14, 2025

Via Electronic Mail

Thomas Ferguson
100 Cambridge Street, 9th Floor,
Boston, MA 02114

RE: Calibrant Energy's 83E Round 1 Comments

Dear Mr. Ferguson,

Please find attached Calibrant Energy's ("Calibrant") comments in response to the RFP Drafting Parties' request for stakeholder feedback on the forthcoming Round 1 solicitation for mid-duration energy storage projects under Section 83E. These procurements have the potential to greatly advance the entire energy storage industry in Massachusetts. We appreciate the RFP Drafting Parties' efforts on the transparent development of these procurements and opportunity to provide feedback ahead of the Round 1 solicitation. We look forward to continuing to work with the RFP Drafting Parties and stakeholders as these programs continue to evolve.

Sincerely,

Miguel Silva

Senior Manager, Market Development & Commercialization
Calibrant Energy

Comments of Calibrant Energy in Response to 83E Stakeholder Questions

Introduction

Calibrant applauds Massachusetts's commitment to deploying energy storage through the 2024 legislation establishing a 3,500 MW target for mid-duration energy storage under the Section 83E procurements. We believe that implementing these procurements will greatly strengthen existing programs in the Commonwealth, unlocking hundreds of valuable MWs by providing the marketplace with much needed certainty and stability. We appreciate the time and effort that the RFP Drafting Parties have spent to get us to this point and the initiation of the stakeholder process to define and refines these procurements. We hope that dialogue with stakeholders will continue as the RFP Drafting Parties develop draft RFP documents and solicit proposals.

Massachusetts has set laudable, but ambitious, goals for clean energy, emissions reductions, and energy storage resources, which is going to require an "all-hands-on-deck" or an "all-of-the-above" strategy to be meet these statutory targets. The grid must evolve at every level to meet the state's needs reliably, from residential customers to commercial loads to large wholesale generation. This means that policy will need to continue to advance across all market segments. The RFP Drafting Parties clearly recognize this by asking about both transmission- and distribution-connected projects in the stakeholder questions. While we understand the urgency to get large quantities of MW's interconnected quickly, we are confident that both market segments can meaningfully contribute to Massachusetts's mid-duration energy storage goals. Limiting these procurements to one market segment will cool interest in the other, as existing programs are unlikely to incentivize a significant amount of additional energy storage deployment alone. We believe that this would be a significant step backwards for the industry at an inflection point in the Commonwealth's energy transition.

Therefore, Calibrant offers the following recommendations for all Section 83E procurements, which the RFP Drafting Parties should follow to advance the entire energy storage industry in Massachusetts by ensuring that energy storage projects are able to deliver benefits across both Massachusetts's transmission and distribution systems:

1. Allow both transmission-connected and distribution-connected resources to participate in the procurements under Section 83E
    a. Allow both BTM and FTM distribution-connected resources to participate in the procurements under Section 83E
2. Create three classes of resources in each procurement (transmission-connected, FTM distribution-connected, and BTM distribution-connected), each with their own procurement target
3. Allocate at least 20% of the initial procurement and at least 30% of the subsequent procurements towards distribution-connected projects, rolling over any unawarded capacity in each market segment into the same market segment in the subsequent year.
    a. Allocate at least 75% of the distribution-connected allocation to FTM distribution-connected projects and 25% to BTM distribution-connected projects

4. Require projects to have a signed interconnection agreement as a minimum maturity requirement to participate in these solicitations to ensure selected projects have a higher likelihood of reach commercial operation
5. Establish a stakeholder working group to consider a tariff- or program-based mechanisms for purchasing environmental attributes and other value streams from distribution-connected projects

Below we respond directly to a select number of stakeholder questions posed by the RFP Drafting Parties as a means to elaborate on the overarching recommendation above.

Responses to 83E Stakeholder Questions

Resource Types:

Question 7.a: Whether this procurement should allow for both transmission and distribution connected resources.

The RFP Drafting Parties should allow for both transmission and distribution connected resources to participate in the Section 83E solicitations.

The focus of these procurements are environmental attributes from the Clean Peak Standard. Energy storage resources connected to the transmission and distribution system and energy storage resources behind-the-meter and in front-of-the-meter produce identical environmental attributes (Clean Peak Energy Certificates, "CPECs") under the Clean Peak Standard. Rightfully, there is no fundamental difference between a CPEC produced by a distribution connected project and a CPEC produced by a transmission connected project. Both types of storage assets shift clean energy to seasonal peak periods, displacing nonrenewable generating resources and contributing to the Commonwealth's goals concerning air emissions. Both asset classes are in the same marketplace and are both similarly impacted by the market dynamics associated with the CPEC product.

CPEC's make up a significant portion of the revenue stack for both transmission and distribution-connected projects, and both types of assets face similar challenges today with financing through the Clean Peak Standard. Without procurements or other forms of long-term contracting mechanism, distribution-connected projects, particularly FTM distribution-connected projects, do not have financeable revenue streams. If the RFP Drafting Parties preclude distribution-connected projects from these solicitations, not only will they lose the immediate opportunity for contracting with potentially low-cost distribution-connected projects but they will expose distribution-connected projects the impacts on CPEC market prices from these contracts without means to hedge against this risk. We fear that these factors will significantly cool interest in this market segment and leave these projects stranded as they face interconnection and development decisions which require developers to commit additional capital.

As the SMART and ConnectedSolutions program have demonstrated, there is a large appetite for distribution-connected projects in Massachusetts. The RFP Drafting Parties should continue to encourage this industry as these projects can deliver significant benefits to the system, including environmental benefits, wholesale market value, consumer value (for BTM customers), and distribution system value. This is particularly important as these value streams continue to evolve, particularly distribution system value, which is still in the process of being quantified[1]. Through these procurements, Massachusetts can jumpstart the distribution-connected storage industry, setting up and bolstering the supply chain pipelines for this market segment in the long-term.

With that in mind, the RFP Drafting parties should create three classes of resources in each procurement to encourage development across market segments, all of which will be important to Massachusetts's long-term energy goals:

- **Transmission-connected projects** can provide large quantities of environmental attributes while delivering wholesale market value to the transmission system.
- **FTM distribution-connected projects** can deliver similar wholesale market value through ISO-NE Distributed Energy Resource participation models, while also delivering additional distribution system value, including local reliability, resiliency, and local grid support.
- **BTM distribution-connected projects** can provide similar value as transmission and distribution projects through existing ISO-NE and utility demand response programs, while also supporting customer resiliency needs and providing on-bill savings

Question 7.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:
   a. The need, if any, for a carveout for either distribution- or transmission-connected QESS; and
   b. *The need, if any, for separate bidding criteria between distribution- and transmission-connected QESS to be considered by the RFP drafting parties*.

To ensure that these procurements result in the deployment of assets in each market segment that we outlined in our response to Question 7.a and deliver benefits across Massachusetts's energy system, the RFP Drafting Parties should create separate procurement targets for each market segment. Considering both the size of projects, the number of projects in state and federal interconnection queues, and the opportunities that we believe exists for each asset class, we recommend that that 25% (900 MW) of the total 3,500 MW for mid-duration storage should be allocated towards distribution-connected projects and of that 75% (675 MW) of the distribution-

[1] MassCEC is currently evaluating methodologies for valuing and compensating DER Grid Services through a study conducted by E3: https://www.masscec.com/grid-modernization-and-infrastructure-planning/grid-services-study

connected allocation should be allocated towards FTM projects and 25% (225 MW) of the distribution-connected allocation should be allocated towards BTM projects. We believe that this distribution should be spread out evenly across procurements, consistent with the table below:

Table 1: *Recommended procurement targets by asset class by procurement year*

Procurement Year	Transmission-Connected	FTM Distribution-Connected	BTM Distribution-Connected
2025	1,200 MW	225 MW	75 MW
2026	700 MW	225 MW	75 MW
2027	700 MW	225 MW	75 MW
Total	**2,600 MW**	**675 MW**	**225 MW**

If there is unawarded capacity in any of the market segments, this capacity should be rolled over to the subsequent year's capacity target for the same market segment.

While we believe that bidding criteria should be similar for each of the market segments, there may need to be differences in minimum criteria or evaluation factors for each market segment. For example, each asset class goes through a different interconnection process. While the requirement may be at a similar stage of development for each asset class, the RFP Drafting Parties should recognize that each asset class may enter into a different type of agreement or go through a slightly different process depending on the market segment. Additionally, there may be reasons to create additional non-priced evaluation criteria for projects to ensure that these assets are built where they will deliver the most benefit for the system. Especially for distribution-connected projects, this value may not be included in pricing, as distribution system value is not fully monetizable for FTM distribution-connected projects right now. The RFP Drafting should offer stakeholders the opportunity to comment on a draft set of eligibility and evaluation criteria as part of the stakeholder process leading up to each solicitation round.

Interconnection Capability Requirement

Question 12.a: Please comment on your current interconnection status or plan. What interconnection status, level and maturity should be required by the RFP?

To ensure that the RFP Drafting Parties are confident that awarded projects will reach operation and are bidding with full knowledge of interconnection costs (which often is a significant portion of a project's total costs), the RFP Drafting Parties should require that projects have a signed interconnection agreement and have made the associated deposits for their interconnection upgrade in order to submit a bid in the solicitation. This is consistent with other program for distribution and storage assets[2].

[2] SMART Regulations: https://www.mass.gov/doc/225-cmr-2000-final-071020-clean/download

Facilitating the Financing of Projects:

Question 5.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.*

Currently there are very few opportunities for FTM standalone energy storage projects in Massachusetts to enter arrangements which provide guarantees for long-term revenue streams. Even BTM projects and FTM projects with the option to participate in other programs struggle to firm up value outside of programmatic value. This means that investors currently heavily discount these revenue opportunities, increasing financing costs. Procurements or programs for environmental attributes would reduce project exposure to risk with regards to this revenue stream, which is often a significant portion of the revenue stack, potentially attracting lower cost capital.

For projects that are already participating in the Clean Peak Standard, these projects have been primarily financed through other revenue streams and have been participating in the Clean Peak program under extraordinarily short supply conditions. As the Section 83E procurements develop, supply in the CPEC market will increase. If existing projects are precluded from participating in new contracting opportunities and residual CPEC prices fall, there will be little incentive for existing projects to continue to participate in the program, especially as the Clean Peak program requires strict operational behavior to maintain eligibility and to fully realize potential value. These projects, which are already connected and operating, may be pushed out of the program in favor of projects that may never reach commercial operation. We believe that this would be a mistake, as is recognized by the statute in Section 83E (a) which provides "that existing energy storage systems shall be eligible to participate in any procurement issued under this section."

Other:

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

While we appreciate and look forward to the opportunity to participate in the procurements established under Section 83E and recognize the ability of these programs to bring new energy storage resources to the Commonwealth, we would also strongly encourage the RFP Drafting

NY Retail Storage Incentive Implementation Plan: https://documents.dps.ny.gov/public/Common/ViewDoc.aspx?DocRefId={603F8595-0000-C451-B8D3-0FDA19DF65E5}

Parties to consider developing additional or alternative mechanisms for the sale of environmental attributes (and other products) from distribution-connected projects to the EDCs. Walk up programs or tariff (like SMART or VDER in New York) with fixed rates are the most effective and efficient mechanisms for supporting distribution-connected projects and allowing distribution-connected projects to provide multiple streams to both the wholesale and distribution systems. We'd recommend that the RFP Drafting Parties establish a stakeholder working group to expand upon the work that MassCEC is doing on grid services to explore potential tariff or program designs that include multiple value streams, including distribution system value and environmental attributes.

Conclusion

Calibrant appreciates the RFP Drafting Parties consideration of these comments and stands ready to continue to engage in the stakeholder process. We recognize the effort that has gone into developing these questions and the time it will take to review them, and we appreciate the opportunity to provide our feedback to help the state meet its climate goals.

About Calibrant Energy:

Calibrant Energy is a distributed energy company dedicated to providing "energy-as-a-service" solutions to commercial, industrial, and institutional customers in North America. Our solutions include the origination, development, ownership, and operation of an array of distributed energy technologies, including battery storage ("BESS"), solar photovoltaics ("PV"), microgrids, and electric transport infrastructure. Calibrant is owned by Macquarie Asset Management, the world's largest infrastructure asset manager, through the Macquarie Green Energy Transition Solutions (MGETS) fund. With the strategic acquisition of Enel DES in October 2024, Calibrant has significantly expanded its development pipeline and portfolio of operating assets, bolstering the company's ability to deliver cutting-edge clean energy solutions for the market, particularly as it relates to customer-sited battery storage.

- **Extensive Experience:** With over 15 years of experience operating behind-the-meter ("BTM") storage assets, we have honed our expertise and built a robust portfolio of successful projects across investor-owned utilities in ISO-NE, NYISO, CAISO, and IESO. Our installed base has grown to more than 330 MWh of BESS projects in operation or construction, including some of the largest behind-the-meter BESS projects in North America.
- **Proven Expertise in Innovative C&I Storage:** Calibrant is consistently at the forefront of developing innovative, large-scale, customer-sited energy storage projects that set industry benchmarks. This includes the construction of the first BESS system in New York City in 2011, the toughest permitting jurisdiction in the country. In Ontario, Calibrant has three times claimed the title of largest customer-sited BTM project in North America with two 10MW / 20MWh systems that connect above 34kV as well as a 20MW / 40MWh system which connects at transmission-voltage that was commissioned in 2022. This trend of steadily increasing project sizes has continued into Calibrant's development of the New Jersey market as well as across the rest of PJM.
- **Market-Leading Optimization Software:** Our DER.OS optimization software has been refined over time to meet the specific needs of various markets, ensuring an extensive tariff library, advanced machine learning forecasting, and market-leading co-optimization capabilities. Each of our projects layer complex value stacks like the one that will be necessary for successful co-optimization of the Clean Peak Standard with the on-bill and market revenue streams already available in Massachusetts and ISO-NE. Our unparalleled record of accomplishment of delivering these large, complex, and "first-of-their-kind" customer-sited projects uniquely and directly positions us to both contribute to the finalization of these procurements and deliver much needed storage capacity upon its release.