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Elizabeth Mahony, Commissioner
Samantha Meserve, Director
Thomas Ferguson, Energy Storage Programs Manager

Renewable and Alternative Energy Division
Massachusetts Department of Energy Resources
100 Cambridge Street, 9th Floor
Boston, MA, 02114

Re: 83E Round 1 Procurement Comments

Flatiron Energy is an independent power producer focused on the development of utility-scale, standalone storage in the Northeast. The leadership team at Flatiron Energy has over 60 years of collective experience working in standalone storage and over 100 years of combined experience working in the power and finance industries. The Flatiron leadership team has extensive experience developing storage in New England, in addition to a history of building over 20 operational and profitable energy storage projects. Flatiron Energy is a partially woman owned, certified B Corporation, with a commitment to ethical, community-first development.

Flatiron Energy commends DOER for their commitment to developing reliable and clean energy projects in Massachusetts. DOER has been a consistent leader in the energy storage industry and proven their dedication to continually improving the development landscape for energy storage. Flatiron Energy appreciates the opportunity to comment on the 83E Round 1 Procurement and looks forward to continuing to engage with DOER on the future of storage development in the Commonwealth.

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.

Flatiron supports the **release of a single RFP for the mandated 2025 and 2026 procurements**, encompassing Round 1 and Round 2, to ensure that 2.5 GW of mid-duration storage can be procured by the end of 2026.

- Round 1 would be for 1.5 GW of storage, with bids due and selection of projects announced in 2025.
- Round 2 would be for 1 GW of storage, with bids due and selection of projects announced in 2026.
- Both Rounds would:
    - Utilize the same RFP, with the same requirements and contracts.
    - Be for the procurement of CPECs-only to ensure that the process can move forward in a timely manner.
- **DOER should not delay a second procurement to incorporate energy services**. A CPEC-

only procurement is a viable and financeable offtake structure to contract storage projects under.

Issuing a second procurement in 2026 is key to unlocking the rapid development of storage in the Commonwealth and meeting Massachusetts' climate mandates. There are over 9,000 MW of standalone storage located in Massachusetts waiting to be studied that are likely to enter the Transitional Cluster. Running a second RFPs in 2026 will allow DOER to align the procurement with the Transitional Cluster in ISO-NE, providing certainty in offtake for these new projects. This will allow Massachusetts to capitalize on the momentum built to date in the storage industry and ensure that projects are quickly able to move from interconnection study to construction. Delaying a second procurement to 2027 or beyond would introduce significant uncertainty for these projects and unnecessarily increase project costs as projects stall development while waiting for an RFP to be issued.

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.

The 83E procurement schedule should not be delayed to align with other states' procurements.

- Expeditiously moving forward with Rounds 1 and 2 of 83E is critical to bring mature projects to fruition.

Eligibility for all Rounds should be limited to projects located in Massachusetts to provide maximal benefits to the Massachusetts ratepayers.

- Massachusetts' ratepayer dollars are funding the procurement and deserve to receive the maximal benefits of storage projects.
- Projects in Massachusetts provide reliability and resiliency benefits to their local grid. Projects in capacity constrained zones can reduce capacity costs and congestion.
- Energy storage projects developed in Massachusetts are job and wealth creators for their local host communities.
- Host community agreements and tax revenues from large projects frequently contribute tens of millions of dollars to local communities and governments, which can be spent on job training, community development programming and infrastructure investment.
- There is precedent for project-eligibility being limited to the state where a project is electrically interconnected: Connecticut's and Maine's recent storage procurement require projects to be located in-state.

Given the economic and grid benefits local communities receive from storage projects, Flatiron strongly supports limiting eligibility for all Rounds to projects located in Massachusetts.

3. **Clean Peak Qualification**

B. Whether you have been awarded a Clean Peak Program Statement of Qualification ("SoQ") for the project you intend to bid into this solicitation.

DOER should not require transmission-scale projects to be awarded a SoQ prior to bidding. Most new transmission-scale projects bidding into a DOER solicitation will not yet have a SoQ, as projects need either Permission to Operate (PTO) and/or Authorization to Interconnect (ATI) per the SoQ Required

Documents list. Transmission-connected projects typically receive PTO or ATI 4-6 months prior to their COD, meaning they will not receive a SoQ prior to bidding.

4. Eligible Bids:

A. Project's technology type (e.g., lithium ion, flow batteries, thermal, etc.), and how it meets the defined Section 83E criteria.

Projects should be required to have a **minimum multiplier of one to be eligible to bid**.

- Because the procurement is for capacity, not CPECs, a procurement that doesn't incorporate the impact of project multipliers that are less than one has the potential to be inefficient and create insufficient CPECs relative to contract costs.
- A minimum multiplier of one ensures that contracts go towards the creation of CPECs, rather than just capacity.

Creating a minimum multiplier threshold helps meet the goal of 83E of facilitating the financing of energy storage programs. Doing so will:

- **Channel reliable funding to resources that do not already have long-term funding** by excluding resources participating in SMART or that have an existing contract. Resources participating in SMART and those which have been awarded a long-term contract already have reliable access to programs or contracts that have been proven to facilitate the financing process.
- **Support the entry of participants that will undergo financing shortly** or have undergone financing recently by excluding resources with a COD prior to 2019. Notably, a minimum eligibility multiplier would exclude Existing Resources as defined in 225 CMR 21.00 (resources that COD prior to 2019) but would still satisfy 83E's requirement that 'existing energy storage systems' (undefined) be allowed to participate by allowing existing energy storage systems that reached COD between 2019 and 2025 to participate.

While existing projects may be eligible to bid into 83E, Flatiron urges DOER to consider the incremental benefits that new storage projects provide the grid when conducting its evaluations of projects, and to set participation criteria in a manner that provides ratepayers with maximal production of CPECs.

B. Appropriate minimum and/or maximum bid size, both in terms of MW and Attributes.

The success of procurement 83E will become increasingly vulnerable to attrition should the award become too concentrated on a single project. Rather than set a fixed maximum project size, Flatiron encourages DOER to seek to award a diversity of projects to help protect against the impacts of award attrition.

- As an example, the impacts of attrition after a heavily concentrated award were keenly felt in offshore wind procurements in both Massachusetts and New York, where the withdrawal of single projects had an outsized impact on the success of the procurement.

DOER should enable flexibility in bid sizes to **mitigate the impact of a project withdrawal on the success of 83E.**

- DOER should focus on procuring a portfolio of projects that ensure that 83E is resilient to individual project withdrawals. Ensuring that no single project receives the majority of an award

can help mitigate the impact of potential withdrawals.

- DOER should allow projects to offer a range of capacity sizes to enable selection of a portfolio that is best suited to meeting the state's goals.
- This approach would allow DOER to manage its risk tolerance for large capacity from a single project by providing the state optionality in award sizes. This has precedent in the Connecticut storage procurement, in which projects provided multiple pricing options for a range of capacities.
- If allowing multiple capacity sizes in bids proves too complicated, DOER could consider capping bids at 20% of the total program size.

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.

Minimum delivery requirements:

- Flatiron estimates roughly 3,450 CPECs can be produced each year for each MW of storage a 4hr system has, although the exact number of CPECs a project can generate will vary by year.
- Requiring projects to bid at least 75% of the maximum number of CPECs that are produced a year would ensure that ratepayers are guaranteed CPECs for the procured capacity and that projects are bidding feasible numbers.

Requiring a minimum of 75% of CPEC production ensures that sufficient CPECs are produced but still allows projects some flexibility in forecasting and dispatch.

Frequency:

- The project's requirement to provide 75% of the maximum CPEC production should be met yearly to align with LSE obligations and the existing compliance structure. Annual settlement also allows projects sufficient flexibility to make up shortfall generation in any particular month if there are unplanned outages or forecasting errors.
- Projects should have the ability to cure production shortfalls via negotiated liquidated damages terms as well as customary excuses for shortfall including force majeure and outages.
- Projects should be paid quarterly for the produced CPECs to align with the NEPOOL CPEC minting schedule and to help alleviate working capital constraints.

Operational schedule:

- Flatiron does not believe an operational schedule is necessary, given the predefined Clean Peak charging and discharging windows.

D. Appropriate project maturity requirements.

Please refer to 11.b. for Flatiron's views on maturity requirements and bonus points.

5. Facilitating the Financing of Projects:

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.

The contracts awarded must provide cost-effective financing, per 83E. Rather than requiring DOER to prove this, the onus to demonstrate that a contract is necessary to facilitate financing for energy storage systems should be on each bidder. Both new and existing projects should be required to demonstrate that an award under 83E would facilitate financing.

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 not available.

Given the uncertainty around future availability of the ITC, projects that can prove they have safe harbored equipment or otherwise locked-in the availability of the Investment Tax Credit for the specific project are significantly de-risked and should be seen as more viable.

7. Resource Types:

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

The 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.

DOER should ensure that any **carveouts are sized appropriately to ensure robust competition** within the carveout and that the entire portfolio consists of low-cost, high-quality bids.

- **Any carve-out should be sized relative to the number of mature projects**, else it risk being undersubscribed or pushing uncompetitive projects forward.
- DOER should consider the number of bids both with completed interconnection studies when considering any carveout.
    - There are over 2,600 MWs of battery energy resources with a completed SIS in Massachusetts, with over 2,200 MWs of these resources having a signed LGIA (excluding pumped hydro resources).
    - The DG queue is difficult to estimate, with publicly available data showing very few projects with an ISA Agreement. DOER may have a more in-depth view of advanced projects or could estimate the number of advanced projects by using the number of resources that applied and were eligible for the 2x multiplier.
- Carve-outs should be sized to ensure that advanced distribution and transmission-connected resources have similar opportunities to receive an award.

DOER has the option to procure additional capacity, beyond what is specified in a carve-out, if there are additional economic and viable projects, however the reverse is not true. Carve-outs that are too large risk not being filled and preventing otherwise economic and viable projects from receiving an award.

9. Contract Length and Form:
Flatiron Energy is supportive of a minimum contract length of 15 years.

11. 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.

Tariff uncertainty creates significant risks that developers using imported cells will be required to price into their bid. To ensure that there is a level playing field and that all developers are taking a measured and reasonable approach to that risk, DOER should:

- Require projects to specify if their bid plans to use domestic or imported battery cells and/or containers
- Create a standardized tariff assumption that developers using imported cells be required to consider in their bid price. Developers using domestic battery cells should not be required to utilize the tariff assumption in their bid.

B. The key elements that should be considered in evaluating project viability, including any minimum requirements for participating in the RFP.

Flatiron recommends a set of minimum maturity requirements for project eligibility, and an additional set of maturity criteria for which projects can receive bonus points in the qualitative evaluation section.

Minimum requirements:

- Queue position: At a minimum, projects participating in Round 1 of 83E should have a position within the ISO-NE Transitional Cluster. Projects not in the ISO-NE Transitional Cluster will not be able to adequately predict their network upgrades given the vast uncertainty of the base case of projects.
- Site control: Projects must have full site control and provide a site plan showing how their project appropriately fits in the acreage.
- Technical and logistical viability: Developers must show proof of technology being deployed cost-effectively at a commercial scale.
- Strong storage developer experience: Developers must have demonstrated domestic experience developing, building, owning, and/or operating storage projects of the same technology type.

Bonus points:

- Advanced interconnection: Projects that have a signed GIA have a firm understanding of their costs and their interconnection upgrade timing, and as such have more firm bids.
- Evidence of filing permits: Projects that have filed or received major permits reflect more mature projects that have begun local engagement.
- Advanced engineering and design work: Projects that have run Community Risk Assessments (Plume and Heat Flux Analysis) for fire safety, have detailed site plans and equipment layouts, elevations and renderings and have completed their hydrology study represent large developer investment and commitment to project viability. Projects that have design to this level demonstrate readiness to move forward quickly and will have identified any major constraints.

- Massachusetts-specific storage development experience**:** Massachusetts is a uniquely difficult development environment due to strict permitting processes and limited land for development relative to Western states. As such, developers with demonstrated experience developing storage projects in Massachusetts are more likely to have viable projects.
- Equipment safe-harbor**:** Projects that have safe-harbored key equipment and locked-in the ITC are significantly derisked from federal policy changes. These projects are at lower risk of price swings or contract re-negotiation.

12. Grid Resiliency and Transmission Needs:
The procurement should **prioritize projects located in the Southeast New England** ("SENE") Capacity Zone, which has historically been scarce in capacity.

- SENE has cleared higher than the rest of ISO-NE for two out of the last four auctions, resulting in high ratepayer costs.
- This higher capacity price is the result of transmission constraints that can prevent capacity in eastern Massachusetts from reaching the Boston load-zone.
- By selecting projects in SENE, DOER will **help lower capacity prices for ratepayers,** while reducing congestion and procuring clean capacity.
- In addition, projects in SENE are both close to all major load in Massachusetts and close to offshore interconnection points, making projects well suited to integrate variable energy production.

Projects in SENE are best suited to preemptively address grid resiliency, transmission constraints and ratepayer costs in Massachusetts.

16. Future RFPs:

Flatiron is supportive of keeping future procurements for environmental attributes-only.

Flatiron Energy is open to the use of including additional energy services in future procurements but **doesn't see additional energy services as necessary to developing or financing projects**. Long-term, predictable revenue sources – which a contract for CPECs provides – are the most important factor in financing a project. Expanding future 83E procurements to include additional energy services has the potential to slow down procurements or take significant administrative resources from DOER, without unlocking additional storage.

Flatiron Energy thanks DOER for the opportunity to comment on the 83E Round 1 Procurement.

Sincerely,

Rebecca Behrens

Rebecca Behrens
Director, Policy & Market Development
Flatiron Energy
802.333.0044
rbehrens@flatiron.energy