Via Electronic Mail
Friday, March 14, 2025

Mr. Thomas Ferguson
Energy Storage Programs Manager
Massachusetts Department of Energy Resources
100 Cambridge Street, 9th Floor
Boston, MA 02114

RE: Joint comments on the forthcoming Request for Proposals (RFP) for a first-round solicitation for mid-duration energy storage projects under Section 83E (83E Round 1)

Dear Mr. Ferguson,

The Alliance for Climate Transition ("ACT"), the Solar Energy Industries Association and ("SEIA"), Advanced Energy United ("United"), ("joint signers" or "industry"), appreciate the opportunity to submit joint comments to the Massachusetts Department of Energy Resources ('DOER" or "The Department") on the February 21 request for public comments on 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).

We support many of the comments provided in the Storage Coalition slides submitted to DOER, namely the policy goals that would support the Commonwealth's objectives for the storage industry including:

- Expediting the timing of the procurement and ensuring momentum
- Providing long-term revenue certainty for developers
- Valuing the qualitative benefits of storage
- Ensuring that viable projects move forward
- Harnessing the reliability and resilience benefits of storage
- Spurring meaningful community benefits and brownfield transition

The storage industry is not monolithic and there are a variety of business models, technologies, sizes and configurations that all have a role to play in the region's buildout of energy storage as a resource. We understand that this request for input relates to rounds 1 and 2 of 83E for mid-duration storage, and some of our comments reflect hopes and desires for future solicitations, as well.

Our comments seek to harmonize the interests of several dozen of our member companies. With a thoughtful procurement design including the use of points and an eye to future procurements and programs, DOER will succeed in spurring development of

energy storage that will support the Commonwealth's goals, benefit electric customers and enable the transition to a more resilient and decarbonized grid.

Following are our joint answers to the 83E stakeholder questions:

1. Procurement Schedule: We urge the advancement of the first round of the procurement process as soon as is practicable, in keeping with the statutory deadline of July 31, 2025. While we appreciate the potential benefits of regional coordination and alignment, we caution the Commonwealth not to delay in order to run joint or parallel procurements with neighboring states, and to develop a schedule that is in keeping with the legislative directive.

2. Environmental Attributes: According to Section 83E, the procurement of 1,500 megawatts of mid-duration storage by July 31, 2025, must be for environmental attributes only. The joint signers support procurement of CPECs as the sole attribute to be procured.

We note that most new projects bidding into a DOER solicitation will not yet have a Clean Peak Statement of Qualification (SoQ), as projects need either Permission to Operate (PTO) and/or Authorization to Interconnect (ATI) per the SoQ Required Documents list. Projects typically receive PTO or ATI 4-6 months prior to their COD, meaning they will not be able to receive a SoQ prior to bidding.

3. Clean Peak Qualification: The ability to enter into the solicitation should not exclude Energy Storage Systems that already have a Clean Peak Statement of Qualification, preliminary SQ or any multiplier > 1 provided under the Clean Peak Program.

4. Eligible Bids: We believe that it would benefit the storage industry and the Commonwealth as a whole to consider resources of a variety of technology types. Any viable technology meeting the mid-duration energy storage definition as laid forth in Section 1 of chapter 164 of the General Laws should be eligible to bid.

While in some cases there can be justification for projects to leverage various funding streams, we believe that projects participating in this solicitation should not at the same time be receiving incentives from other DOER programs, like SMART or utility programs. However, projects receiving Clean Peak incentives or clean peak multipliers greater than 1 should not be excluded.

Industry does not have a position on bid size and encourages DOER to procure a diversity of resources.

We suggest a certain number of Clean Peak Energy Certificates ("CPECs"), to be determined by DOER. Industry suggests an "As produced" metric—perhaps a minimum quantity based on calculated potential that takes into account ESS degradation over time.

DOER should allow for sale of 100 percent of forecasted CPECs on an annual basis. If there is to be a minimum delivery requirement, it should set a multi-year period to allow for factors outside of the supplier's control.

We recommend that DOER consider differentiated project maturity requirements for distributed- and transmission-connected resources recognizing the different scale of capital expenditure needed to reach certain milestones. For distribution-connected, we recommend ensuring site control and whether the project has a signed ISA when judging project maturity. Projects that have obtained non-ministerial permits is another indication of maturity.

For transmission-connected, given the higher cost and longer timelines for development, including the ISO-New England cluster study, it is appropriate to require different maturity requirements in order to submit a bid. Specifically, we recommend that a project have site control and an interconnection queue position to bid. Projects meeting at least some of these milestones are to a greater extent de-risked and therefore attrition is less likely to occur. Additionally, DOER should consider awarding extra points to a bid based on project maturity.

5. Facilitating the Financing of Projects: Industry suggested that DOER should not place a cap on the bid price. The RFP should address potential regulatory risks such as elimination of federal Investment Tax Credit ("ITC") for storage and challenges with spikes in inflation and the threat of federal tariffs on imports. DOER should have a plan in place should the ITC or tariffs change significantly. We encourage DOER to include an inflation adjustment mechanism.

Developers need long-term commitments, and contracts are what facilitate the securing of project financing. As stated in "Charging Forward: Energy Storage in a Net Zero Commonwealth," without long-term contractual commitments with creditworthy counterparties, these projects cannot be financed and will not be built.[1] There are presently over 17 gigawatts of new energy storage in the ISO-New England interconnection queue[2] indicating a robust pipeline, the viability of which will be strengthened with the issuance of this procurement.

6. Commercial Operation Date: Industry recommends a system where higher points are awarded if a project is closer to commercial operation readiness. In addition to the time required to construct a new battery storage facility itself, both the estimated cost and time to construct interconnection facilities and network upgrades identified in the ISO-New England interconnection study process have grown substantially in recent years. We do not recommend a uniform requirement for commercial operation date; instead, we recommend that DOER award additional points to projects that are more mature and

[1] Report at 21-22.
[2] ISO-NE, NEPOOL Participants [COO] Committee Report 45-51 (February 2024), https://www.iso-ne.com/static-assets/documents/100007/feb-2024-coo-report.pdf

therefore can reach COD sooner, and furthermore that DOER enforce COD commitments made in individual bids so that any project attrition is discovered in a timely manner allowing its capacity to be promptly rebid.

7. Resource Types: Recognizing both the variety of benefits QESS can provide and the unique market needs at the transmission and distribution level, many of our members encourage DOER to embrace an "all-of-the-above" approach that provides the state flexibility in deployment. We encourage DOER to evaluate bids by type, size, etc. so that bids with very different attributes and benefits are not asked to compete directly.

Many of our members indicate their preference for separate evaluation of Transmission and Distribution projects so that distribution grid benefits may be taken into account for distribution-connected batteries. If DOER elects not to create distinct categories or sub-tranches, we believe they should be evaluated separately to account for the distribution benefits and charging costs for DG storage.

8. Contract Length and Form: Long-term contracts provide greater revenue certainty and therefore increase the chances of projects getting financing and at a lower rate.. Lower financing costs and the competitive nature of the law's procurement lowers the cost of compliance with the CPS, and thus lowers ratepayer costs. Industry suggests a period of 20 years or the product warranty period would be reasonable for contracts, noting that many batteries are warrantied for 15-20 years.

9. Safety: As developers will need to comply with state and local safety laws, the RFP should not set unique or possibly competing safety requirements. Instead, the Commonwealth should reference the MA fire code, NFPA 1, which requires that energy storage systems comply with NFPA 855 2023,[3] which covers all required safety standards. We reference the New York State Battery Energy Storage System Guidebook for recent best practices and recommendations.[4] In addition, DOER should favor bids featuring products that have undergone Large Scale Fire Testing in accordance with CSA TS-800 or a similar test standard. Further, we understand that further statewide safety guidelines will be developed as part of the siting and permitting process that is getting underway.

Commonly understood and enforced standards that will make it easier to receive local permits would provide greater certainty to storage developers. We appreciate that DOER is working to develop guidance to local jurisdictions in this regard.

10. Project Viability and Other Qualitative Factors: Assuming that project maturity/viability is included among the qualitative evaluation factors, the evaluation

[3] https://www.nfpa.org/product/nfpa-855-standard/p0855code
[4] https://www.nyserda.ny.gov/All-Programs/Clean-Energy-Siting-Resources/Battery-Energy-Storage-Guidebook

weighting should be allocated 65 percent to quantitative and 35 percent to qualitative. The heavy system benefits from energy storage systems support allocating increased weight to qualitative benefits compared to renewable energy generation. For example, NYSERDA is planning on a 60/40 price/non-price split for scoring bids in its forthcoming "bulk" battery storage procurement.[5]

Procurements should be designed to prevent overly speculative bidders from offering unrealistic bid prices and winning contracts for projects that can never be built at those prices. ACT, SEIA and United join RENEW Northeast in supporting assigning qualitative points for project maturity based on a project's demonstration of advanced interconnection and permitting status. For example, a project with signed interconnection agreement should receive more points than a project still undergoing studies. This approach will ensure a robust solicitation through the participation of Cluster Study projects, and will allow recognition of project maturity.

At an absolute minimum, the bidder should have an interconnection request filed with ISO-NE or distribution system operator so as to have an understanding of the maximum expected interconnection costs for the Eligible Project. The bidder should demonstrate it has control over the project site, property rights for a substantial portion of the property necessary for the interconnection and must include a plan for acquiring the rest of the required property rights; it must have an unconditional right to acquire control granted by the property owner. The bidder must demonstrate financial, technical, managerial, and construction experience and fitness with successful development and construction of a similar type of project.

11. Grid Resiliency and Transmission Needs: We ask that DOER identify areas that would create points in the selection criteria. Possible considerations are geographic areas on the grid where the utility or ISO-New England has identified a need for storage, in terms of grid resilience, facilitating the integration of solar and wind resources.

Bids should receive points under the qualitative scoring criteria reflecting their benefits for grid reliability and resilience as directed by Section 83E(c), as well as for consideration of the utility Electric Sector Modernization plans, positive impacts on under-served communities (e.g., reduced outages, improved air quality), and recognition of earned community support.

12: Interconnection Capability Requirement: The solicitation should make clear that eligibility to participate in a solicitation as a "mid-duration energy storage system" is calculated based on the capability of an energy storage system to dispatch energy at a maximum export capacity as set forth in its interconnection agreement (not the nameplate capacity) for more than four, up to ten hours, whether or not the interconnection

[5] New York Public Service Commission, Case 18-E-0130, NYSERDA Bulk Energy Storage Implementation Plan Proposal, Sec. 2.5 Bid Evaluation Weighting and Criteria (October 18, 2024).

agreement or an associated schedule allows discharge at that level for more than four hours continuously at all times or in all seasons.

DOER should allow projects to bid a maximum MW export capacity rating as noted in a project's ISA because many energy storage systems have been designed to address interconnection challenges, including by participating in different types of flexible interconnection, permanently derating export capacity, agreeing to seasonal profiles, or implementing smart inverter function that can limit export capacity. Without this clarity there could be uncertainty as to the eligibility of energy storage systems that have implemented curtailments, deratings, or other mechanisms to facilitate interconnection.

In addition, DOER should not require that the MW/MWh configuration of a project's bid exactly match that of its interconnection agreement, and instead should allow projects to submit a bid at a lower MW export capacity. DOER's ultimate interest is that awarded projects have the capability of dispatching at the MW capacity stated in their bid for greater than 4 hours. Any project at any rated capacity may choose to dispatch at different capacities (under the MW limit stated in their interconnection agreement) and for different durations in response to CPS or wholesale market signals. Only the maximum MW and total MWh capacity is dictated by the interconnection agreement; projects may choose to operate at a lower MW capacity for a wide range of durations within the physical MWh limit of their equipment and the contractual MW limit of their interconnection agreement.

13. Economic Development, Workforce, and Diversity, Equity & Inclusion (DEI): Bids should receive points under the qualitative scoring criteria reflecting their benefits for economic and workforce development as well as the Commonwealth's DEI goals. This is in keeping with other recent procurements that have included Economic Benefits to the Commonwealth as a factor in bid analysis. By awarding additional points for projects demonstrating these benefits, DOER can align this Section 83E procurement with broader legislative goals for energy development.

14. Environmental Justice: As part of this consideration, RFP should recognize that a major benefit from energy storage is its ability to displace dirty and expensive fossil fueled peaker plants. Energy storage offers health benefits by displacing resources that emit particulate matter, SOx, NOx, and other EPA-identified pollutants. The joint signers support qualitative evaluation criteria that values community benefits.

15. Energy Storage Industry: In these nearly unprecedented times of uncertainty at the federal level, it is important not only for states to lead, but also to adjust to and take into account changing conditions affecting developers, including but not limited to tariffs, material costs and threats to the ITC.

16. Future RFPs: We encourage DOER to finalize its separate procurement authority under the Clean Peak Standard, which it started in 2021, for a future procurement for 2-hour duration battery energy storage.

For Section 83E procurements after 83 Round 1, we encourage DOER to investigate the form of contracting best suited to specific energy storage technologies and the capabilities the Commonwealth is seeking to achieve. Storage deployment has advanced in recent years through the increase in utility procurement of energy storage projects and products. The variety of offtake revenue contracts for energy storage projects has expanded rapidly. For large or transmission-level resources, arrangements have taken the form of energy storage tolling agreements, capacity sales agreements, hybrid agreements, and indexed agreements.

While there are benefits to expanding the future procurement scope into energy services, we acknowledge that procurements require significant administrative lift. We note that for developers, continuity and a predictable timeline are important and we encourage DOER to maintain the statutory timeline, possibly through maintaining the structure of the Round 1 Procurement for environmental attributes only through Round 2 as well.

Finally, we encourage DOER to consider whether there is a place for behind-the-meter-storage in future procurements—and if, not—in other future storage program iterations. These smaller projects can provide important grid benefits, such as enhanced resilience.

We appreciate DOER's continued efforts to engage with stakeholders and learn from their own experiences and from those of neighboring states.

On behalf of the undersigned organizations, we thank DOER and the Commonwealth for your commitment to developing policies and programs that will enable new energy storage solutions to be developed in Massachusetts, and for your recognition of the many benefits that storage can provide as part of the clean energy transition.

Sincerely,

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