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January 30, 2026

Thomas Ferguson
Massachusetts Department of Energy Resources
100 Cambridge St., 9th Floor
Boston, MA 02114

re: 83E Round 2 Stakeholder Questions – Joint Storage Developers Comments

Dear Mr. Ferguson,

BlueWave, New Leaf Energy, Nexamp, and Zero Point (together, the "Joint Storage Developers") appreciate the opportunity to submit comments to the Massachusetts Department of Energy Resources ("DOER") on the January 16, 2026 request for public comments on areas relevant to a forthcoming Request for Proposals ("RFP") for a second-round solicitation for mid-duration energy storage projects under Section 83E.

BlueWave's mission is to protect our planet by transforming access to clean energy. BlueWave is actively developing energy storage projects, including both transmission- and distribution-scale projects in Massachusetts, to ensure our grid is reliable and efficient in a clean energy future. BlueWave is proud to be a certified B Corp, scoring in the top 5% of companies assessed towards certification in Governance, and named Best for the World for Governance.

New Leaf Energy is a clean energy developer headquartered in Massachusetts. We develop solar, onshore wind, and energy storage nationally at both the distribution and transmission scales; in Massachusetts our business is focused on distributed solar and energy storage. Our mission is to accelerate the transition to a world powered by renewable energy.

Nexamp is the largest developer, owner, and operator of community solar assets in the U.S. with headquarters in Boston. Nexamp has been at the forefront of efforts to make clean energy affordable and accessible for all Americans. Many of our community solar projects include energy storage and we also develop standalone energy storage. By managing all aspects of a project's lifecycle in-house—from development, engineering, and construction through operations and customer management—Nexamp brings rapid renewable energy deployment and high-quality jobs to the communities we serve.

Zero Point is a Massachusetts-based renewable-development company committed to advancing the progress of renewable energy solutions as a viable and economically-competitive resource alternative for all consumers in the United States. Having successfully developed and installed over 175MW, DC of solar capacity and 50MW of energy storage in the Commonwealth since 2011 with a pipeline of mature Stand-Alone Energy Storage projects, Zero-Point believes strongly in the independent and sustainable energy production capacity of the Commonwealth. Zero-Point Development is a team of Massachusetts natives with a passion for cultivating a greener, more sustainable future for our communities.

The following are our joint answers to the Section 83 E Stakeholder Questions:

1. As a developer of distribution-connected energy storage projects, would a CPEC-only long-term contract for environmental attributes support the financing of new projects or the operation of existing projects? Please explain how an attribute-only contract would benefit a project over and above the CPS market.

Response: A CPEC-only long-term contract for environmental attributes would materially support both the financing of new distribution-connected energy storage projects and the continued operation of existing projects. Under the current Clean Peak Standard (CPS), CPEC revenues are effectively merchant: prices and volumes depend on future market conditions, program design changes, and utility compliance behavior, all of which introduce significant uncertainty. That level of uncertainty has significantly slowed storage development in Massachusetts, because lenders and tax equity investors are reluctant to underwrite merchant CPEC revenues at the levels needed to support project finance, and the opportunities to hedge revenues on the private market are limited to short-duration contracts insufficient to secure financing.

By contrast, a long-term CPEC contract with an investment-grade utility counterparty converts this merchant revenue stream into contracted revenue over a defined term, up to 20 years. For many distribution-connected storage projects, CPECs represent a substantial portion of total revenues and an important share of capital cost recovery. Locking in a price and term for these attributes allows financiers to size debt to predictable cash flows, lowers perceived project risk, and reduces the overall cost of capital. This, in turn, enables projects to offer more competitive CPEC prices while still remaining financeable, directly advancing Section 83E's directive to provide "a cost-effective mechanism for facilitating the financing of beneficial, reliable energy storage systems."

CPS qualification alone simply confirms that a project may generate CPECs; it does not guarantee any price, quantity, or duration of that revenue. A CPEC-only long-term contract therefore adds value over and above CPS participation by making a key revenue stream bankable. For new projects, that bankability is often the difference between reaching notice-to-proceed or being cancelled; for existing or near-term projects, it can support refinancing, augmentation, and long-term operations that would not be justified on the basis of CPS market revenues alone.

2. How can the Round 1 form contracts[1], the Environmental Attribute Purchase Agreement, be reasonably modified and simplified to accommodate multiple smaller projects without significantly negatively impacting or shifting risk to customers?

Response: The Joint Storage Developers support the response to this prompt in the ACT/RENEW/SEIA comments. The Round 1 form contracts can be modified to accommodate multiple smaller projects

[1] https://macleanenergy.com/wp-content/uploads/2025/08/national-grid-model-storage-contract-draftfinal-pro-forma.docx and https://macleanenergy.com/wp-content/uploads/2025/08/storage-contracteversource_eversource-and-unitil-final-pro-forma.docx

through utilizing a master agreement with individual project exhibits. Under this approach, a single master Environmental Attribute Purchase Agreement would govern portfolio-level commercial terms (price, term, events of default, dispute resolution, credit support framework), while individual project schedules (or exhibits) would be used to add, remove, or modify specific units over time, subject to defined eligibility and minimum-performance criteria. This preserves customer protections while substantially simplifying documentation and negotiations for multi-project portfolios. Ensuring strong portfolio level performance standards will prevent risk being shifted to customers.

3. As a developer of distribution-connected energy storage projects, please describe all the direct and indirect benefits the Evaluation Team should consider for distribution-connected energy storage projects, including but not limited to reduction in transmission cost.

Response: Distribution-connected energy storage provides both direct and indirect benefits that complement transmission-scale resources and should be explicitly valued in the Evaluation Team's assessment. There are two program and participation design options for distribution-connected energy storage: wholesale market participation, and retail energy storage.

Wholesale Participation Model

Under a wholesale market participation model, the energy storage resource would participate in ISO New England's capacity, energy, and ancillary markets, while charging at the FERC-approved Wholesale Distribution Access Tariff rate. This is the model that all storage participating the 2026 procurement will be using and these represent the benefits that should be accounted for in the upcoming procurement.

In considering the design of a distribution-connected energy storage program, Connecticut's Public Utilities Regulatory Authority ("PURA") directed the state's EDCs to evaluate the benefits to the state's ratepayers. Given that Connecticut is similarly situated as an ISO-NE state, those results are relevant here and we recommend leveraging those efforts to identify the benefits of distribution-connected energy storage. The "Working Group Report," filed in December 2023, identified three broad categories of benefits that accrue exclusively to ratepayers (e.g., not inclusive of societal benefits): Utility System Impacts, DRIPE, and Delivery Charges.

Within Utility System Impacts, the Working Group Report quantifies the benefits of Avoided T&D Capacity (utilizing the state's Conservation and Load Management Plan) and Reliability (utilizing the 2021 Avoided Energy Supply Component ("AESC") Study). Within DRIPE, the quantified benefits are DRIPE Energy Impacts, DRIPE Capacity Impacts, and Cross-DRIPE Impacts (all of which utilize the 2021 AESC). Within Delivery Charges are the distribution charges that projects will pay (utilizing consultant estimates). Each of these benefits are applicable in Massachusetts as well. In Connecticut, the analysis identified significant net benefits for Connecticut's ratepayers, even in scenarios with robust incentives.

Retail Model

Under a retail energy storage model, the energy storage resource would not participate directly in ISO New England's markets, but would instead act as a load reducer, and would charge under a retail rate established by the EDCs and approved by the DPU.

Distribution-connected energy storage has a unique opportunity to directly lead to a reduction in transmission costs, if operated as load reducers rather than wholesale market participants. However, in order for distributed storage resources to cost-effectively operate as load reducers, an appropriate retail rate needs to be available - ideally, a bidirectional time-of-use rate designed specifically for front-of-meter distributed storage. We strongly recommend that DOER work with DPU and the EDCs to establish such a retail rate. Once such a rate is established, we recommend that the 83E solicitation be structured to compensate distribution-connected storage resources based on CPECs as well as dispatch performance during monthly transmission and annual capacity peak hours. This would function in a conceptually similar way to how the Connected Solutions program functions for behind-the-meter resources, except that FTM resources could be responsible for their own dispatch, rather than having the utilities call events in advance.

In advance of the availability of a bidirectional TOU rate for distributed storage, we recommend that the 83E solicitation be a simple contract for CPECs, which would assume that distributed storage resources are taking service under the Wholesale Distribution Tariff and participating in wholesale energy and capacity markets.

4. Please provide your assessment of the proportional contribution of all revenue streams— both current and projected—to the overall economics of your proposed storage system (e.g., arbitrage, reserves, capacity, ancillary services, environmental attributes). How do you expect these proportions to evolve over a shorter time horizon (the next 5–10 years) or longer time horizon (up to 30 years) in the ISO-NE region? Please provide anticipated percentage ranges, and any underlying probabilistic assumptions (e.g. P90, P50, P10) where possible.

Response: This information is proprietary and the Joint Storage Developers will submit supplemental, confidential responses to DOER for this question.

5. Given the ISO-NE's transition from a forward capacity market to a prompt seasonal market, has this impacted your assumptions regarding revenue certainty of this value stream when evaluating your project's economics? If so, how?

Response: The transition from a forward capacity market to a prompt seasonal market will not change the revenue certainty, capacity revenues will still be treated as merchant revenue streams. Discount rates also will not be affected. However, the change does allow developers to better account for the risk of scarcity events.

The more consequential capacity market change made by ISO-NE was the removal of the seven-year price lock several years ago. The price lock was instrumental in incentivizing new resources, including the first large-scale storage projects in Massachusetts. Without the price lock, capacity is a variable revenue stream that is difficult to rely on.

6. Please provide suggestions for how an energy services contract for a transmission-connected energy storage system should be structured.
    a. Are there specific models like the NYSERDA Index Storage Credit Request for Proposals[2], the Maryland Partial-Toll Framework[3], or others that the Evaluation Team should emulate?
    b. What are the pros and cons of those models? What changes to those models should be made for the Massachusetts procurement to minimize costs and risk for EDC customers while increasing the likelihood of successful project development?

Response: The Joint Storage Developers defer to separate responses from individual companies and our trade associations.

7. What benefits could be guaranteed in a Round 2 potential energy services contract that are different from the environmental attribute only Round 1 solicitation? How could those benefits be measured?

Response: We recommend that future solicitations include energy services defined as dispatch performance during transmission and capacity peak hours for distribution-connected resources operating as load reducers. This would guarantee the benefits of avoided transmission and capacity costs.

8. Please suggest and describe any energy services pricing mechanisms that would mitigate the uncertainty associated with the anticipated forward capacity market changes.

Response: Overall transmission and capacity costs have less uncertainty than wholesale market revenues. Compensation for distribution-connected storage operating as load reducers based on avoided transmission (RNS) and capacity (ICAP) costs is a revenue stream that storage developers can estimate with a much smaller band of uncertainty than wholesale market revenues. Upcoming capacity accreditation methodology changes in the ISO-NE capacity market has created some uncertainty for CSO MWs. While the current methodology is based on nameplate and theoretical maximum amount of capacity a system can provide, the pending MRI approach will accredit resources based on expected contribution to ISO-NE simulated scarcity hours. This could lead to lower CSOs and lower overall

[2] https://www.nyserda.ny.gov/-/media/Project/Nyserda/Files/Programs/Energy-Storage/2025-08-13-IndexStorage-Credit-Request-for-Proposals-Proposers-Webinar.pdf
[3] Section 1.2.1 of Maryland Request for Applications (RFA): Transmission Connected Energy Storage - Round 1 (https://mdpsc-ngea-storage.com/wp-content/uploads/2025/12/maryland-psc-ngea-energy-storagerequest-for-applications-round-1.pdf)

capacity payments for solar + storage assets. With this portion of the value stack shrinking, having Clean Peak/CPECs provide additional value will not only help make up for this reduction but also support greater prioritization of Clean Peak participation. In addition, a future energy services compensation model that incorporates avoided ICAP (calculated based on retail storage dispatch performance during capacity peak hours) avoids this uncertainty created by ISO-NE capacity market changes. ICAP costs are more predictable than capacity market revenues, and a pay-for-performance model is more predictable than modeled results based on simulations.

9. How would a project guarantee continued reliability benefits over the life of a contract if the developer chooses not to or cannot obtain a capacity supply obligation?

Response: We do not see a risk of projects not being able to guarantee reliability benefits without a CSO. In lieu of a CSO, assets would likely prioritize Clean Peak participation, which would align well with participating in the hours necessary for guaranteeing reliability. Especially in times of prolonged grid stress, such as long winter cold snaps, battery operators that co-participate have to prioritize potential scarcity over Clean Peak discharge due to the significant financial penalties associated with not performing up to your capacity market CSO. Without a CSO, battery operators may be able to discharge more regularly for Clean Peak participation. In addition, a future retail storage procurement could define pay-for-performance events to include scarcity events in addition to transmission and capacity peak hours.

10. Please add any additional comments not captured by your responses to the prior questions that you believe the RFP Drafting Parties should consider.

Response: The Joint Storage Developers urge the DOER to provide clarity as soon as possible surrounding the Section 83E Round 2 and future procurement and the plan for addressing the distribution component of those solicitations, most importantly the size of the distribution carve out in MWs, project and portfolio size eligibility requirements, and project maturity requirements. Project development lead times are much longer than a procurement cycle and developers require information on basic project criteria to adequately prepare to respond to RFPs with proposals that will lead to DOER meeting the state's statutory procurement requirements and mid-duration energy storage procurement goals.

The Joint Storage Developers appreciate the opportunity to submit comments and look forward to further information on the Section 83E Round II procurement. Please do not hesitate to contact us with any questions.

Sincerely,

/s/ Sean Burke
Sean Burke
Director of Policy
BlueWave

sburke@bluewave.energy

/s/ Jessica Robertson
Jessica Robertson
Director of Policy & Business Development, New England
New Leaf Energy
jrobertson@newleafenergy.com

/s/ Lisa Boba
Lisa Boba
Policy Director, Energy Storage
Nexamp
lboba@nexamp.com

/s/ Greg Hunt
Greg hunt
Principal
Zero-Point Development