

Via Electronic Mail
Monday, February 2, 2026

Mr. Thomas Ferguson
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Boston, MA 02114

Comments of ACT & SEIA on the forthcoming Request for Proposals (RFP) for a second solicitation for mid-duration energy storage projects under Section 83E (83E Round 2)

Dear Mr. Ferguson,

The Alliance for Climate Transition ("ACT") and the Solar Energy Industries Association ("SEIA"), collectively "Clean Energy Groups" or "industry," appreciate the opportunity to submit joint comments to the Massachusetts Department of Energy Resources ("DOER" or "The Department") 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 (83E Round 2). This request for comments was collectively issued by DOER, the Massachusetts Electric Distribution Companies ("EDCs"), and the Attorney General's Office ("AGO").

ACT leads the just, equitable, and rapid transition to a clean energy future and a diverse climate economy. ACT is the only organization in the Northeast that covers all of the clean energy market segments, representing the business perspectives of investors and clean energy companies across every stage of development. ACT members span the broad spectrum of the clean energy industry, including clean transportation, energy efficiency, wind, solar, energy storage, microgrids, fuel cells, and advanced technologies.

SEIA is the national trade association for the solar and storage industry, leading the transformation to a clean energy economy. SEIA works with its 1,000+ member companies and other strategic partners to fight for policies that create jobs in every community and shape fair market rules that promote competition and the growth of flexible, reliable, low-cost solar power.

Following are our joint answers to the 83E II 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.

The Clean Energy Groups believe that the ability to contract on Clean Peak Energy Certificates ("CPECs") is a sufficient option in the near-term as a way to ensure projects are able to move forward quickly to begin delivering the ratepayer and grid benefits associated with distribution-connected energy storage.

There are a number of mature, distribution-connected energy storage projects that had anticipated being eligible for the 2025 83E procurement and, as a result of ineligibility in 2025, have struggled to advance to construction. A timely procurement for CPECs is necessary to drive these projects forward and begin creating a sustainable market in the Commonwealth. An attribute-only procurement is sufficient to advance projects in that it would provide clarity to an important revenue stream, allowing projects to get financed.

Clean Peak Standard ("CPS") market participation is a merchant revenue stream—this model is much less certain than a long-term contract, which makes a big difference in the financing of projects. 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 warranted for 15-20 years.

A CPEC-only long-term contract for environmental attributes would support both the financing of new distribution-connected energy storage projects and the continued operation of existing projects. Market observations indicate that long-term hedging instruments are typically priced at a material discount to expected future spot market values due to limited liquidity in the out-years and uncertainty regarding potential legislative or regulatory changes, including the possibility of future emergency actions. In this context, an attribute-only contract would provide incremental, durable revenue certainty beyond the CPS market, thereby improving project financeability and supporting the ongoing operation of existing assets.

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

The existing Round 1 Environmental Attribute Purchase Agreements were developed primarily with large, single-asset, transmission-connected projects in mind—which drives a level of complexity and tailoring that is not strictly necessary for an aggregation of smaller distribution-connected projects. One option for accommodating multiple smaller projects while retaining the core risk allocation of the Round 1 contracts would be to implement a "master agreement plus schedules" structure.

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. The following considerations would make this workable and ensure risk stays with the developers and is not shifted to the customer:

Portfolio Standardization: For distribution-connected resources, the Environmental Attribute Purchase Agreement can be simpler than the transmission-oriented Round 1

form, while still relying on the same basic framework. A simpler contract of this kind does not shift risk to customers because it preserves the core Round 1 principles: the product remains fixed-price, environmental-attribute-only; the seller continues to bear development, interconnection, and operational risk; and the buyer retains clear remedies if contracted attributes are not delivered. The simplification is in form and process, not in the strength of the customer protections or the allocation of project risk.

The Round 1 contracts can also be adjusted for smaller projects by standardizing and streamlining provisions that are currently written for site-specific assets. For example, the agreements could: (i) define a set of standard metering and data-sharing requirements for CPS qualification and CPEC issuance that apply uniformly across all projects; (ii) use a single, portfolio-level definition of under-performance that compares actual CPEC deliveries against an aggregate expected delivery profile, rather than requiring separate true-up and cure processes for each project; and (iii) provide a standard change-in-law and regulatory adjustment mechanism keyed to CPS program changes and Section 83E implementation, applied to the portfolio as a whole rather than project-by-project.

Risk Allocation: To avoid shifting risk to customers as projects are aggregated, it is important that any additional flexibility provided to developers be paired with clear portfolio-level performance standards and substitution rules.

The master agreement could allow the seller to substitute or reconfigure projects within the portfolio, but only if (a) the replacement projects meet all eligibility requirements (e.g., CPS-qualified mid-duration storage, distribution-connected in Massachusetts, compliance with any applicable CPEC multipliers and tracking rules), and (b) the substitution does not increase customer exposure to interconnection, permitting, or operational risk beyond that contemplated in the original bid.

Chronic portfolio under-delivery relative to contracted CPEC volumes would still trigger “make-whole” obligations and, if persistent, termination rights at the portfolio level. This approach allows developers to manage project-level development risk internally—especially for smaller assets that may face idiosyncratic siting or interconnection challenges—without weakening the predictability of contracted attribute deliveries that underpins customer value.

Workable Administration: Finally, the Round 1 form contracts can be made more workable for smaller projects and aggregations by simplifying administrative requirements and aligning them with how distribution-connected portfolios are actually financed and operated.

This includes: Providing for a single monthly invoice and settlement statement per portfolio; allowing a single SPV or portfolio-level borrower to be the contractual counterparty, with standardized, pre-approved assignment and change-of-control provisions that accommodate typical tax equity and debt structures; and limiting bespoke reporting obligations to information that is directly relevant to verifying CPEC creation, delivery, and compliance with statutory requirements that the contracts “facilitate the financing of beneficial, reliable energy storage systems.”

Together, these changes would make the Round 1 Environmental Attribute Purchase

Agreements more accessible to multiple smaller projects and aggregations, while maintaining the core discipline of long-term, attribute-only contracts that provide predictable, bankable revenues for projects and cost-effective, well-protected outcomes for 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.

While all types of ESS benefit the electric system and ratepayers, distribution-connected energy storage projects provides a unique set of benefits, namely:

1. **Avoided distribution costs.** A Report on Front-of-the-Meter ("FTM") Storage¹ conducted by Sustainable Energy Advantage and Customized Energy Solutions for the Connecticut Green Bank and EDCs found enormous benefits in avoided distribution costs in that state, and the story is similar for Massachusetts. Because these assets are connected to the distribution system, they can contribute to serving local needs. In this report SEA and CES found that distribution-connected storage could provide over *\$1 billion dollars* of utility peak savings.
2. **Wholesale Market Benefits.** Although distribution-connected storage is connected to the distribution system, these resources can provide services in the wholesale markets either directly as market participants or indirectly by reducing EDCs' need to procure services from the wholesale markets. Because they are located close to load, distribution connected resources can deliver services to load without the losses associated with moving power on the transmission system.
3. **Time to deploy.** Transmission-connected projects must go through ISO-NE's new Cluster Study and often trigger system upgrades that require years of work. Distribution-scale projects are much faster to deploy because they are primarily only subject to the utility interconnection process.

Distribution connected projects provide various grid services that supplement costly and timely traditional infrastructure upgrades, driving down long term costs. Additionally, distributed connected projects also promote grid reliability while offering peak demand control furthering driving down both costs and emissions.

Specifically, distributed ESS can reduce peak demand on the distribution system potentially mitigating the need for distribution system upgrades. If properly utilised by distribution utilities, distribution batteries can also be used to increase grid reliability and manage increased distributed renewable generation. Distributed storage systems can help alleviate bottlenecks at the distribution level, ensuring that reliable energy flows to customers.

The Clean Energy Groups also highlight that in response to federal uncertainty and the sunseting of the federal Investment Tax Credits, states must lead in prompt efforts to ensure distributed-connected energy storage projects have a viable pathway to development.

¹<https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/434aa27c309ed0838525885d00643350?OpenDocument>

Unquantified Distribution System Benefits Result in a Revenue Gap: FTM ESS can participate in wholesale markets to earn revenue, the same as other energy resources. However, there are a set of benefits to the grid that these resources could provide that are unmonetizable by project owners today, because the wholesale markets do not procure them. Specifically, distributed storage resources operated as load reducers can produce substantial ratepayer benefits through avoided transmission and capacity costs.

We recommend that DOER work with DPU and the EDCs to establish a bidirectional, time-of-use retail rate for front-of-meter energy storage. This would enable future procurements to capture the benefits of avoided transmission and capacity by compensating load reducer storage resources for their dispatch performance during peak hours. This would unlock significant ratepayer savings, and in a procurement that combines these avoided cost revenue streams with CPECs, the bid price per CPEC would be substantially lower.

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.

The industry acknowledges that the volatile nature of wholesale market value streams for distribution level assets makes it difficult to develop expectations of what both shorter and longer time horizons will hold for project revenue streams.

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?

The transition from a forward capacity market to a prompt seasonal market has reduced forward visibility into capacity revenues, resulting in less long-term revenue certainty when evaluating project economics. However, this change has not been transformational to overall project viability. Market participants are continuing to assess the implications of the new construct, with particular attention to the outcomes of the initial prompt capacity market clearing, which will better inform future revenue assumptions.

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, the Maryland Partial-Toll Framework, 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?

We highlight that although these models offer strong theoretical frameworks, many of these newer frameworks have a very limited track record, which makes comparisons and recommendations harder to develop. Several of our members indicate that they would support an Index Storage Credit-style solicitation for transmission-connected storage in this round of procurements.

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?

We believe that keeping Round 2 focused on environmental attributes only for distribution-connected energy storage will help to simplify the process and reduce the risk of delay. If additional benefits are to be procured for transmission-connected energy storage, then using a mechanism similar to NYSERDA's Index Storage Credit, that encompasses all revenues that can be generated by a FTM wholesale BESS, would be a good starting point for consideration. For transmission-connected projects, industry is interested to see an energy-services style procurement that contracts additional revenue beyond CPECs.

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

The Forward Capacity Market provides very limited revenue certainty to BESS projects, both in its current form as well as the proposed changes to it being a prompt seasonal market. Anything that can provide greater certainty of any future revenue stream would make financing BESS projects easier and reduce the cost of capital. Strategies such as the NYSERDA Index Storage Credit can incorporate future expected revenues from capacity markets and provide developers with revenue certainty, without exposing ratepayers to significant risk.

Any arrangement that can provide greater long-term (10+ years) predictability of revenues allows for a much lower cost of financing, and those savings would ultimately benefit ratepayers. This is the advantage of the NYSERDA approach—battery projects have revenue certainty while still providing services to the wholesale markets—and they can bid a relatively low price to provide those services because their cost of financing is lower when the project does not need to retain all of the merchant market risk.

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?

BESS projects participating in wholesale markets have a strong economic incentive to discharge into peak demand events, regardless of whether they are a capacity market

participant, because energy prices are often elevated during these events. This economic incentive means that any wholesale BESS is likely to provide additional system reliability benefits—whether or not they are compensated for this outside of providing energy arbitrage and/or ancillary services.

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

ACT & SEIA wish to reiterate our support for the DOER to complete these procurements both on time and in the amounts listed in statute.² It is imperative that the DOER continues to run these procurements as scheduled to ensure developers have the predictability needed to develop these projects, which will ultimately keep costs down for developers and ratepayers alike. The distributed storage developers represented by the Clean Energy Groups have expressed their interest in working with DOER on developing a retail grid services program that could follow these near term procurements in the longer-term.

A first-ready, first-served “walk-up” incentive program would create a sustainable marketplace for clean energy developers to build, invest, and operate distributed energy storage. This type of program would motivate developers to build the most economical projects, select sites that provide the most grid-benefits with the lowest interconnection costs and timelines, and invest in the market in an on-going manner in order to scale up distribution-connected battery energy storage projects.

Moreover, a well designed walk-up grid services program could provide value for all the direct and indirect benefits that distributed energy storage provides, as laid out in our response to question three. Procurements are the right mechanism for addressing a short-term need, but they do not engender sustainable long-term solutions for deploying distribution-connected energy storage projects. For distribution-connected developers to continue investing in Massachusetts, they need strong visibility into long-term project revenues and certainty that a market will continue into the future.

We appreciate DOER’s continued efforts to engage with stakeholders and to develop pathways for both transmission and distribution-connected storage assets.

On behalf of our members, 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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²<https://malegislature.gov/Laws/SessionLaws/Acts/2024/Chapter239>