



January 30, 2026

Tom Ferguson
Energy Storage Programs Manager
Renewable and Alternative Energy Division
Massachusetts Department of Energy Resources
100 Cambridge Street, 9th Floor
Boston, MA 02114

Re: Request for Public Comment on 83E Round 2 Solicitation for Mid-duration Energy Storage Projects by the Massachusetts Distribution Companies & the Massachusetts Department of Energy Resources

Mr. Ferguson:

FirstLight hereby submits the following comments pursuant to the *Request for Public Comment on 83E Round 2 Solicitation for Mid-duration Energy Storage Projects by the Massachusetts Distribution Companies & the Massachusetts Department of Energy Resources*.

FirstLight appreciates the opportunity to submit comments on the second solicitation for mid-duration energy storage. FirstLight is the owner-operator of the largest source of existing energy storage in Massachusetts and is also developing new energy storage projects here in the Commonwealth. We believe that this second solicitation provides an opportunity for Massachusetts to not only build new mid-duration storage, but also to ensure that the currently underutilized capability of large-scale existing storage is better captured for the benefit of ratepayers and the environment.

The current fleet of existing storage, primarily pumped hydro storage located in Western Massachusetts, operates at approximately 25%-30% of its annual throughput capability. By leveraging these assets more frequently and to a greater extent Massachusetts can mitigate the need for some of the dirtiest and most expensive fossil fuel fired peaking generation plants, lowering costs for consumers and reducing carbon emissions on the grid.



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.

A CPEC-only long-term contract could be sufficient to support financing of new distribution connected storage resources depending on a number of factors within the contract itself and regarding the project in question. Using a long-term contract to essentially lock in the value of CPECs over the course of the contract could ensure revenue stability necessary to secure financing for the project's development. Other critical factors include the cost to build, siting costs, variable O&M, and other potential offtake agreements for the energy generated.

For an existing resource, whether it is distribution connected or transmission connected, CPEC-only long-term contracts would -increase the economic incentive for those assets to operate more frequently and to a greater extent during CPS designated periods by enhancing the value to support arbitrage opportunities. Dispatch of existing energy storage operating in merchant markets is largely dependent on opportunities to capture enough financial arbitrage to overcome the cost of charging the storage resource (or in the case of pumped hydro storage, moving the water into the storage reservoir) and the efficiency loss. Assuming an existing resource could qualify for CPECs (or a CPEC like environmental attribute) then that value could be locked in at a rate that would encourage more usage of that storage resource during periods associated with high demand/high carbon intensity (for generation) and low demand/high renewable penetration (for charging/pumping).

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 ISONE region? Please provide anticipated percentage ranges, and any underlying probabilistic assumptions (e.g. P90, P50, P10) where possible.

Existing storage relies heavily on both capacity revenue and arbitrage to operate economically. Absent new changes in policy we anticipate that to continue into the near future (5-10 years), and do not anticipate substantial variations in how our existing storage resources operate. This assumption includes the changes associated with the implementation of the prompt seasonal capacity market, which we discuss in greater detail below.



This means that absent any changes (such as securing contractual terms ensuring arbitrage opportunities or enabling existing storage resources to participate in Clean Peak Standard) existing storage will continue to operate as they have, relying heavily on merchant arbitrage opportunities and capacity revenues, which are supplemented by ancillary services and reserves.

Currently existing pumped hydro storage facilities operate between 25% - 30% of their overall throughput capability on an annual basis, leaving a great deal of storage unused during the course of each year. The benefits of using more of the overall capability of existing large-scale storage (like pumped hydro storage) are compelling, particularly by mitigating the need to dispatch costly oil and gas peaking units during periods of high demand. Offsetting the need for these resources (or as much of them as is practicable) is a primary goal of Clean Peak Standard and Massachusetts' climate policy, as it will decrease carbon emissions and ratepayer costs at the same time. Leveraging existing storage more effectively will help accomplish those goals in an efficient, cost-effective manner.

FirstLight sees two possible pathways to accomplish this, either through an expansion of the existing Clean Peak Standard to allow storage that was operation prior to 2019 to participate in the program or through contractual obligations under the 83E program.

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?

ISO-NE's transition to a prompt season market will impact storage by decreasing the value of capacity revenues and increasing the risk of seasonal derating during prolonged reliability events. Existing resources like pumped hydro storage are less impacted by this change than shorter-duration storage projects, but all storage resources must account for this risk in their operations.

Please provide suggestions for how an energy services contract for a transmission connected energy storage system should be structured.

The State could consider structuring the contract as a hybrid reliability and market services offering that combines elements of traditional capacity resources with active participation in ISO-NE's energy and ancillary service markets. Under this approach, the contract would include an availability payment (similar to how capacity resources are compensated) to economically incentivize the resource to ensure strong performance toward supporting grid reliability. The contract could also include an earnings floor that provides earnings stability to further support project financing but only applies when the project is available and actively participating in ISO-NE's energy and ancillary markets. Together, this hybrid capacity and energy/ancillary structure could help the State secure dependable reliability



while still capturing the economic value of competitive market participation to help manage long-term customer costs.

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

The anticipated changes to the forward capacity market will significantly impact storage projects that qualify for capacity payments. Revenue impacts will vary depending on the accredited capacity and contracts secured prior to these changes will need to reflect the anticipated impacts to ensure continued viability of new projects.

Longer-duration existing resources will be less impacted by the anticipated changes, particularly in the near-term due to the fact that these resources (primarily pumped hydro storage) are better suited than shorter-duration resources to mitigate the derating risk associated with dispatching during prolonged reliability events. However, a contract structure that includes compensating resources for availability, by economically incentivizing them to remain ready to support grid reliability, while also allowing for dispatch flexibility in anticipation of potential reliability events may offset some of that uncertainty, regardless of the technology.

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?

Projects that do not obtain a capacity supply obligation will require additional contracted revenue and likely escalators to ensure economic operations throughout the life of the contract. Such projects would rely more heavily on the contracted value of environmental attributes, arbitrage opportunities, ancillary services, etc. Reliability benefits could be guaranteed by developing provisions that require that those resources to support grid reliability, similar to a capacity payment.

Sincerely,

A handwritten signature in blue ink, appearing to read "Len Greene".

Len Greene
Vice President, External Affairs
FirstLight



About FirstLight

FirstLight is a leading clean power producer, developer, and energy storage company serving North America. With a diversified portfolio that includes over 1.6 GW of operating renewable energy and energy storage technologies and a development pipeline with 4,000+ MW of solar, battery, onshore, and offshore wind projects, FirstLight specializes in hybrid solutions that pair hydroelectric, pumped-hydro storage, utility-scale solar, large-scale battery, and offshore wind assets.

Our mission and vision are to accelerate the decarbonization of the electric grid by owning, operating, and integrating large-scale renewable energy and storage assets to meet the region's growing clean energy needs and to deliver an electric system that is clean, reliable, affordable, and equitable.

FirstLight's clean energy facilities in New England produce over 690,000 MWh of emissions-free generation, reducing the region's carbon footprint by more than 780,000 tons annually. In addition to our clean energy generation facilities, we also own and operate the 1,168 MW Northfield Mountain pumped hydro storage station in western Massachusetts, the largest energy storage facility in the region. Our facilities represent over a billion dollars of private investment in the region, employ more than 250 people, and support our communities in Massachusetts with more than \$15 million in local property taxes every year.