

Comment to Massachusetts EEAC

August 28, 2018

From: Todd Olinsky-Paul, Clean Energy Group

Re: Energy storage in the Massachusetts Energy Efficiency Plan

At the Committee's July meeting, I submitted a study showing that energy storage scores above 1 in a TRC test in both commercial and low income applications, meaning it has a positive benefit/cost ratio and, according to the Green Communities Act, should be included in the state's Energy Efficiency Plan. (Note that we intend to prepare a revised version of our analysis, incorporating new information, and based on the PAs' revised spreadsheets, and will be presenting that to this committee in September.)

Since that meeting, new legislation has clarified that energy storage may be included in the EE plan. We applaud that legislation and eagerly anticipate the revised plans from the PAs, as I'm sure the committee does as well.

However, important questions remain: How much energy storage should be in the EE plan? And, at what rate of incentive should it be supported? I would like to address these questions today.

Massachusetts is a national leader in energy efficiency, and has recently emerged as a leader in energy storage policy. However, for the national leader in distributed energy storage incentives, we must look to California.

The California Self-Generation Incentive Program (SGIP) sets a high bar for distributed energy storage incentives. SGIP is capitalized at \$166 million per year for the years 2017-2019;¹ of this budget, 85% is reserved for energy storage incentives (with the remaining 15% allocated for renewable generation). This means that California has budgeted \$141 million per year for three years to support distributed energy storage deployment.

California has also carefully tracked the results of distributed storage deployment. Program evaluations show that energy storage has provided customer bill reduction, coincident peak demand reduction, and backup power benefits.²

Since California has the nation's premiere energy storage incentive program, and it has proven to be very successful, it would make sense to look to SGIP for clues as to the appropriate size

¹ See AB 1637 at https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160AB1637 and CPUC Decision 17-04-017 at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M183/K843/183843620.PDF>.

² See [2016 SGIP Advanced Energy Storage Impact Evaluation](#)

and scope of a Massachusetts storage incentive. Of course, peak load in California is four times the peak load in Massachusetts. Doing the math, \$141 million divided by four yields an equivalent yearly participant incentive for Massachusetts of \$35.25 million.

At a 50% incentive level,³ and using an industry average cost of \$1/watt, this level of funding would support the annual installation of roughly 70 MW of distributed energy storage in Massachusetts, or 210 MW over the three-year EE plan period.

I urge this committee not to settle for half measures and baby steps on energy storage. As has been noted in previous committee meetings, lighting benefits have peaked and are now declining due in large part to rising federal lighting efficiency standards. Energy storage represents a new and growing opportunity for efficiency gains. Massachusetts should not delay seizing this opportunity. A three-year deployment goal of 210 MW, at a minimum 50% incentive level, would be appropriate levels of support for energy storage in the Massachusetts energy efficiency program.

Thank you

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³ The 50% incentive is reflective both of the initial SGIP program incentive level and the MA ACES program matching requirement.