

Massachusetts Energy Efficiency Advisory Council

April 11, 2023

Dear EEAC Members,

BlueSky Utility (www.BlueSkyUtility.com) develops, owns, and operates renewable energy projects throughout the United States.ⁱ We have invested over \$1 million dollars to date on a program enabling Massachusetts C&I landlords to install batteries for active demand management. Compensation via Mass Save's ConnectedSolutions program makes behind-the-meter battery storage projects financially bankable in the Commonwealth. BlueSky Utility has secured site control and host site agreements for ~55MW of energy storage to be installed at behind-the-meter sites throughout Massachusetts. However, regulatory uncertainty surrounding the ConnectedSolutions program can eliminate BlueSky's ability to secure 3rd-party financing needed to construct this pipeline. **If BlueSky Utility is facing this issue, it is likely other renewable energy developers and ratepayers will find storage uneconomic in Massachusetts too.**


The ConnectedSolutions Program Administrators announced that program rules are changing next month, well ahead of the 2025-2027 3-year planning process. Yet **there is no agreement among the Program Administrators on how to codify next month's rule changes. Moreover, rules changes will be made in a backroom agreement among the utilities, with no formal oversight process** by the utilities' regulators and EEAC. Many of the rules changes under discussion are problematic.ⁱⁱ They codify "incentive uncertainty" from year-to-year, making ConnectedSolutions unattractive to lenders who might otherwise include ConnectedSolutions incentive income when underwriting a Massachusetts behind-the-meter battery project. Moreover, they discourage further energy efficiency upgrades since those upgrades lower future ConnectedSolutions incentive payments.ⁱⁱⁱ

The timing couldn't be worse for the Commonwealth. The US Inflation Reduction Act of 2022 ("IRA") pays battery storage developers to meet specified apprenticeship requirements. *The IRA can bring Federal dollars into Massachusetts to help the EEAC meet its 2023 Workforce Development goals.* Furthermore, the IRA requires storage construction projects to pay prevailing wages to Massachusetts workers. This can buffer the Commonwealth if an anticipated 2023-2024 recession occurs.^{iv}

Recommendation: Rather than rushing to adopt a quick fix next month, we urge the PAs and the EEAC to schedule and advertise a dedicated stakeholder workshop where possible solutions can be brought forth and discussed, and issues addressed. **We ask the EEAC to slow down this rush to a solution that has not been fully vetted.** Please give both the PAs and the stakeholders time to come up with a more just and equitable solution that will not cause more problems than are solved.

Whatever program changes result, please provide the market with time to adjust. Similar to other states, please pick a date sufficiently in the future to enable existing interconnection applications to be completed and submitted before changed rules affect project economics. Please grandfather projects with interconnections submitted in time under the older rules, and implement new rules for future projects thereafter. This respects the time and investment others make to meet the EEAC's energy efficiency goals.

Thank you,



Bill Hilliard, Chief Development Officer
BlueSky Utility LLC
Nofar Energy

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- ⁱ We are part of Nofar Energy (www.nofar-energy.com). Worldwide, we own and operate 5 gigawatts of connected renewable energy projects (including 2.5 GWh of connected energy storage).
 - ⁱⁱ For background, see Q&A at webinar posted by the PAs at <https://youtu.be/oG-LraKOT7c>, and read a very helpful stakeholder letter from Clean Energy Group and NECEC submitted to the EEAC electronically on March 28, 2023.
 - ⁱⁱⁱ As a result, C&I financing contracts **will likely require landlords to forego energy efficiency upgrades** that cut into future ConnectedSolutions incentive payments.
 - ^{iv} **Federal incentives drop by 80% if a battery storage project fails to meet apprenticeship and prevailing wage requirements.**