

**Via Electronic Mail**

July 6, 2021

Massachusetts Energy Efficiency Advisory Council  
Massachusetts Department of Energy Resources  
100 Cambridge Street, Suite 1020  
Boston, MA 02114

**RE: MA Draft 2022-2024 Energy Efficiency Plan**

Dear Council Members:

Convergent Energy + Power, CPower Energy Management, Enel North America, Nexamp, the Northeast Clean Energy Council, Sunrun, and Tesla appreciate the opportunity to provide feedback on the development of the *Massachusetts Joint Statewide Electric and Gas Three-Year Energy Efficiency Plan* for 2022-2024 (the “Three-Year Plan”).

Our organizations represent leading developers of dispatchable behind-the-meter (“BTM”) Distributed Energy Resources (“DERs”) in Massachusetts. As such, our comments focus on three key areas of the Active Demand Response (“ADR”) ConnectedSolutions program (the “Program”).

ConnectedSolutions is an innovative, nation-leading program to integrate dispatchable customer-sited DERs (e.g., energy storage) into the distribution infrastructure to reduce utility-level and system-wide costs and drive increased storage deployment across the Commonwealth. The Program has become a model for other states and we applaud the Energy Efficiency Advisory Council (“EEAC”), the Program Administrators (“PAs”), and the Massachusetts Departments of Energy Resources (“DOER”) and Public Utilities (“DPU”) for their leadership in developing and delivering the Program.

The following recommendations apply to the three year plan for 2022-2024 and are essential for the ConnectedSolutions program to reach its full potential:

- **The Plan should set bolder Daily Dispatch targets in order** to facilitate the Commonwealth’s ambitious goal of net zero GHG emissions by 2050;
- To avoid uncertainty over Program funding for projects before they become commercial, **the PAs should adopt a milestone-based approach that allows developers to secure available funding if they demonstrate progress toward completing their projects; and**
- **The PAs and DOER should create a transparent process** for vetting Program rule changes from one year to the next and ensure all stakeholders are able to provide feedback.

The rest of this letter provides greater detail on each of these recommendations.

### **1. Set bolder storage targets.**

We strongly support the EEAC expectation that the 2022-2024 Plan expand and enhance existing ADR offerings to support increasing demand reduction goals. Aggressive targets are necessary to achieve the goals of the Commonwealth's Energy Storage Initiative which aims to make Massachusetts a national leader in the energy storage market by requiring 1,000 MWh of energy storage be installed by December 31, 2025. Significantly expanding the 2022-2024 Plan's BTM storage targets is a necessary step towards meeting the Commonwealth's statutorily-mandated decarbonization commitments. The EEAC Consultants recommendation included 200 MW of BTM Commercial and Industrial ("C&I") storage by 2024 and 350 MWs of storage overall, which would make considerable progress towards our 2025 target. However, the PA's 2022-2024 Draft Plan targets only 60 MW of C&I storage (see Figure 1) and 32 MW of residential storage. To drive the accelerated deployment of these important resources, we recommend that the C&I Storage target be established at no less than 100 MWs for 2024.

In 2016, the DOER and Mass Clean Energy Center's (MassCEC) State of Charge Report presented a comprehensive suite of policy recommendations to generate 600 MW of advanced energy storage in the Commonwealth by 2025, thereby capturing \$800 million in system benefits to Massachusetts ratepayers. The Q2 2021 Wood Mackenzie & ESA *U.S. Energy Storage Monitor Report* estimates almost 350 MWs of non-residential BTM storage by 2024 (Figure 2). All of these assessments point to a significantly higher potential for C&I storage in Massachusetts than recommended in the Draft Plan. While we appreciate that the Program targets can be revised if they are achieved ahead of schedule, doing so introduces financing uncertainty and potential delays into project development cycles. By setting appropriately higher targets at the outset of the Program, both the PAs and project developers are provided the necessary certainty in allocating funding to attract the durable financing confidence to bring these projects to market. Further, bolder targets signal a commitment to the ability for energy storage to cost-effectively deliver demand savings.

Lastly, we recommend increasing the Load Curtailment targets beyond the 165 MWs in 2021 Plan, and do not believe the reduction proposed in the Potential Study to 141 MWs is appropriate or consistent with the Commonwealth's aggressive GHG targets. As technology advances and costs continue to decline, customer flexibility will increase. Setting a higher target will send the right investment signal to DER Providers and Aggregators to invest resources in customer recruitment in the Commonwealth.

Figure 1. 2022-2024 Draft Plan ADM Comparison for C&I and Res/IE

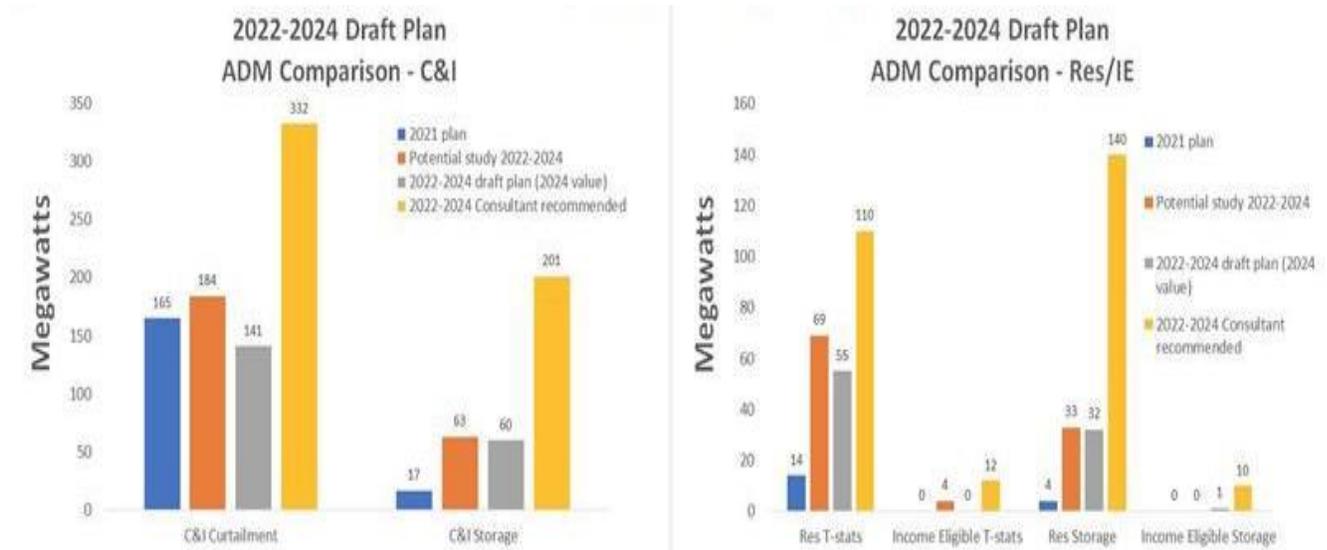
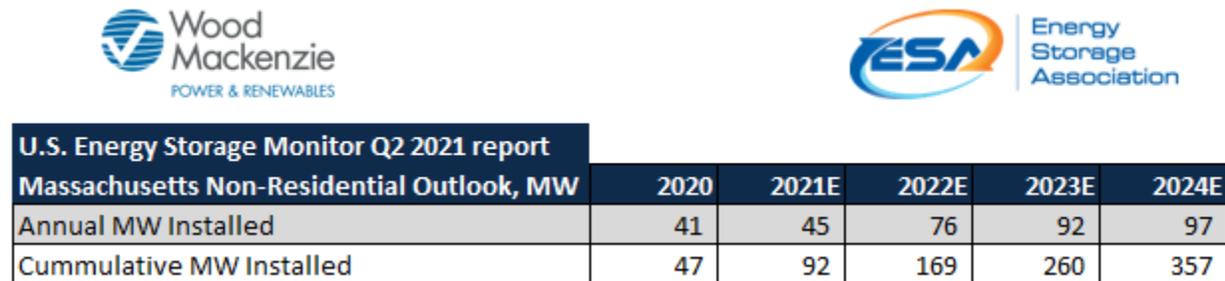


Figure 2. Wood Mackenzie & ESA U.S. Energy Storage Monitor Q2 2021 report



**2. Implement a reservation mechanism for ConnectedSolutions.**

The ConnectedSolutions ADR Program “Daily Dispatch” provides a five-year incentive lock for resources actively dispatched in the summer months to reduce daily peak loads. For projects that come online during the three-year Energy Efficiency Plan cycle, this incentive lock provides critical financing certainty necessary to develop these resources. However, for projects that are in the development phase that are set to come online after the third summer of the three-year cycle, there is no guarantee that Program funding will continue until the DPU approves the next three-year plan.

In practice, this means that developers are wary of investing in projects that may come online after the final summer of a three-year plan, leading to a months-long pause in project development until the DPU approves the next three-year plan and compensation is once again certain. The uncertainty caused by the status quo makes it difficult to secure financing for new projects and unnecessarily creates a several month slowdown in project development that runs contrary to the Commonwealth’s policy goals.

To address this development hurdle and allow for a continuous process, we recommend that the PAs adopt a milestone-based approach, in which developers would demonstrate to the PAs that they have achieved necessary milestones (e.g., complete applications, executed customer contracts, ISA, etc.), and in turn the PAs would reserve funding at the level associated with the three-year plan in effect when the project submitted its ConnectedSolutions application. Any milestone(s) implemented should represent that a project has achieved a level of project maturity and investment. This is a similar approach used in the Solar Massachusetts Renewable Target (“SMART”) program through the Statement of Qualification system, and has provided a degree of revenue certainty, ensuring project progress.

Table 1 provides a suggested milestone approach for both Private and Public customers enrolling in the Program. Using this approach in the 2022-2024 Plan period, a developer who submits a ConnectedSolutions application before December 2024 could secure the five-year rate lock for 2025-2029 at the value in place for the 2022-24 cycle, as long as they met the necessary milestones. Absent the milestone-based approach, we anticipate this disruption to project development between the end of the 2022-2024 Plan and approval of the 2025-2028 Plan to continue.

**Table 1. Suggested Milestone Approach**

Milestone	Private Customers	Public Customers
Completed ConnectedSolutions Application	Utility reserves ConnectedSolutions budget for up to <u>3 months</u> for customer to achieve next milestone	Utility reserves ConnectedSolutions budget for up to <u>6 months</u> for customer to achieve next milestone
Executed Customer Contract	Upon executed Customer Contract, Utility extends reservation for up to an additional <u>6 months</u> for customer to achieve the next milestone	Upon executed Customer Contract, Utility extends reservation for up to an additional <u>6 months</u> for customer to achieve the next milestone
Executed Interconnection Security Agreement (ISA)	Upon executed ISA, customer has up to <u>12 months</u> to achieve commercial operation	Upon executed ISA, customer has up to <u>12 months</u> to achieve commercial operation

<b>Commercial Operation Date</b>	Reasonable interconnection delay extensions should be considered/granted	Reasonable interconnection delay extensions should be considered/granted
	(could consider delay extensions with refundable deposit)	(could consider delay extensions with refundable deposit)

### **3. Enhance transparency and stakeholder input.**

A cornerstone to the success of Energy Efficiency Plan incentive programs that seek to leverage customer-sited distributed energy resources are clear, upfront terms and conditions for participation. Program participants need to understand what is expected of the project in order to successfully participate in the Program and drive demand savings. Material changes to these terms midway through a Program cycle can have substantial negative financial and operational impacts that interfere with participants' reasonable expectations and, therefore, diminish savings opportunities. These changes may also impede participation in other retail programs with unintended impacts to those program's market dynamics (e.g., changes may result in reduced participation in the Clean Peak Standard, thereby artificially reducing the supply of Clean Peak Attribute Credits which in turn increases retail electricity supplier compliance costs). For these reasons, we recommend:

1. Any modifications to Program participation models midway through a Program cycle undergo a transparent public review process prior to implementation. We recommend that every fall, the PAs hold a public meeting to review and gather feedback from participating DER developers on any changes that they are considering making to the ConnectedSolutions Program. After receiving and incorporating the initial feedback at the meeting, the PAs should release a draft set of proposed changes and ask for written feedback. The PAs should seek to find common ground with the DER developers, and before finalizing the changes, the PAs should consult with MA DOER. In this way, no material changes would be made to the Program without appropriate vetting by impacted stakeholders.
2. Absent a public process, changes midway through any program cycle are highly burdensome to participants and especially burdensome to small developers who often lack the resources to identify and assess the impact of changes to program terms.
3. If there is the possibility for material program rule changes midway through the five-year incentive lock that undermines the certainty that the five- year lock was intended to create, then relevant EEAC stakeholders should consider extending the length of the incentive lock. While there would still be a risk posed by the possibility of program changes, having the additional years could help offset the risk, and facilitate increased participation.

We thank the EEAC for its review and consideration of these comments. We are committed to helping the Commonwealth achieve its aggressive GHG reduction targets, which are predicated on the widespread deployment of distributed energy resources. We respectfully request that the EEAC consider the foregoing recommendations and we look forward to continuing to work with all stakeholders in advancing the Commonwealth's commitment to a sustainable and just energy future.

Sincerely,

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