ELEVATE RENEWABLES

ELEVATE RENEWABLES F7, LLC'S RESPONSE TO MARYLAND PUBLIC SERVICE COMMISSION'S REQUEST FOR INFORMATION (RFI)

I. Introduction

Elevate Renewables F7, LLC (Elevate) submits this feedback in response to the Request for Information (RFI) issued by the Maryland Public Service Commission (MD PSC) and Power Advisory seeking feedback regarding the applications for transmission connected energy storage complying with the Next Generation Energy Act. Elevate appreciates MD PSC's and Power Advisory's review of these comments.

Elevate is a national battery storage development company focused on strategically deploying energy storage electric resources co-located with existing generation facilities owned by funds managed by ArcLight Capital. Such funds currently hold indirect ownership interests in large scale generation resources totaling over 21,000 MWs in fourteen states nationally and operate in four Regional Transmission Organization (RTO) markets (ISO-NE, PJM, NYISO, and CAISO).

As a national developer focused on the development of grid-scale energy storage systems co-located with existing generation facilities, Elevate is uniquely positioned to provide transmission connected energy storage that maximizes use of existing infrastructure, advances Maryland's energy storage goals, and benefits local communities while increasing resiliency and dispatchable capacity, reducing costs and supporting deployment of renewable generation.

II. Comments

Elevate applauds Maryland for the actions being taken to mitigate the region's resource adequacy and related affordability challenges by incorporation of the transmission connected energy storage procurement program in the Maryland Next Generation Energy Act (NGEA). Elevate believes the deployment of transmission connected energy storage incentivized by the procurement program has the potential to provide significant contributions to the state and region's energy reliability and affordability needs as described below:

- Addition of new and flexible energy capacity resources can help to mitigate projected capacity supply constraints and lower electricity costs
- Energy storage resources complement other new and existing energy sources to make a more responsive electric grid
- Energy storage construction times are relatively short and therefore able to offer additional capacity to the wholesale market relatively quickly.

Elevate is encouraged by Maryland's efforts to incentivize energy storage investments and is actively developing projects in response to those market signals. While Elevate does not have projects that would be able to respond to this initial RFP, we look forward to the prospect of participating in future solicitations and intend to respond to those future opportunities. To that end, Elevate offers the following feedback to support the development and successful launch of the program and inform subsequent procurement opportunities.

A. Contract Length (RFI Question #1)

Elevate would welcome the opportunity to submit multiple contract term options for one project configuration in future solicitations. Having the ability to submit projects with longer contract lengths, such as a 20-year contract, will lower commercial risk which allows for lower bid costs.

B. The Maryland Energy Storage Program Will Need to Balance COD Requirements with Development Realities (RFI Question # 5)

Elevate supports Maryland's goals to swiftly bring resources online to address the capacity shortfalls that the region is expected to continue to face. As noted above, energy storage's construction timeline is relatively quick and considered faster than other major new generation sources that would provide contributions to the capacity needs.

However, the current requirement for a project to achieve COD within two years of being selected for an award is an aggressive timeline that does not reflect current development and investment realities. The major development barriers to achieving this two-year timeframe include elongated PJM interconnection timelines, supply chain constraints and long-lead procurement delays, and the necessary time to obtain discretionary permit approvals. For example, some long-lead time energy storage equipment may take 12 or more months to secure, and procurement of this equipment typically occurs only after there is certainty on commercial offtake. Following PJM interconnection studies, projects may be assigned mandatory grid upgrades with associated construction timelines that extend well beyond this two-year requirement. Further, it is no longer atypical for permitting timelines to stretch beyond one year, and only after all discretionary permitting approvals are received can project pre-construction activities commence in earnest.

As a way to mitigate adverse impacts from this requirement, the RFP should consider reduction of potential penalties for missing the target COD date and providing a clear and dependable path for projects to extend online dates for matters specifically related to supply chain, PJM interconnection, and permitting that fall outside of the control of the respondent.

C. The Maryland Energy Storage Solicitation Should Adopt A Framework that Encourages Energy Storage Projects Co-Located with Existing Generation Sites (RFI Question # 6, #10 and #15)

Elevate encourages Maryland to adopt a framework that encourages co-location of energy storage at existing energy generation locations. Co-locating BESS with an existing thermal power plant or other generation facilities will enable it to make the highest and best use of existing and available grid transmission infrastructure, thereby leveraging prior investments and making efficient use of the local and network transmission infrastructure built to accommodate the adjacent power plant. Furthermore, co-located projects often involve the remediation and re-use of already disturbed brownfield or other industrial sites, which can positively impact economic growth, revitalization of impacted, underserved communities and avoid use, environmental impacts and permitting challenges often encountered with greenfield sites. Maryland should also consider prioritizing projects located within designated federal energy communities, as the additional federal tax credit available for such projects can lower offtake pricing of a utility scale energy storage resource.

In light of these deployment model specific benefits, Elevate supports approaches that consider unique project and deployment specific attributes in both pricing and evaluation approaches. The legislation's approach to request an analysis of locational value, avoided costs and other key attributes should help to differentiate attributes of different deployment types.

In addition, Elevate encourages consideration of additional qualitative factors that may not fit well within the cost-benefit analysis framework. Non-price related benefits that should be considered in addition to those mentioned as part of the cost benefit analysis include the ability of a project to advance societal and economic benefits such as the re-purpose of an existing industrial and/or brownfield site. These sites are ideal locations for energy storage deployment, as these sites are typically pre-disturbed and located close to existing utility interconnection facilities. Brownfields are also very unlikely to be used for other purposes, such as residential, commercial or recreational developments, due to their historical industrial activities. The objective of supporting clean energy development can be aligned well with repurposing these disturbed sites with a highest and best use, all while prioritizing clean energy investments and supporting the creation and retention of jobs, tax base and ancillary businesses.

D. Battery Safety Requirements and Evaluation Considerations (RFI Question # 8)

Elevate supports the NGEA's requirement that all projects comply with the most up to date revision of the National Fire Protection Association (NFPA) 855 standard. NFPA 855 is widely considered the "gold standard" of BESS-specific fire codes and is widely adopted and in use. A requirement for the respondents to narratively describe how they intend to comply with the minimum requirements established in NFPA 855 should be founded within a preliminary safety plan included in all responses. The preliminary safety plan can also include a high-level summary of planned first responder and community outreach. Similarly, a requirement that respondents provide data and documentation showing that their selected energy storage technology has been subject to unit-level burn testing pursuant to UL9540/9540a is also suggested.

It should be noted that at the time that respondents submit their proposals in response to the RFP, it may be unlikely that either equipment selection and site layout have been finalized, making it potentially premature to produce data such a Hazard Mitigation Analysis or Emergency Response Plan, both of which cannot be completed until project design is further advanced. Such assessments and documentation are often required by local jurisdictions ahead of receiving use or building permits, so while these types of analyses would be completed and can be presented at a later date, requiring such assessments at this earlier stage may be premature.

E. Interconnection Considerations (RFI Question #11)

Elevate recommends that the Maryland energy storage solicitations avoid limiting project eligibility to those currently in PJM's current expedited Fast Lane and Transition cycles. In addition to those projects that have or will submit into the New Services Queue, there could be newly developed PJM processes that offer expedited interconnection process outside of the regular new service queue. For example, currently PJM is discussing an expedited interconnection process for state sponsored projects. As a result, Elevate recommends that Maryland's solicitations leave the language open for other expedited interconnection process.

F. Adjustment Mechanisms will Be Needed in the Solicitation to Adjust to Current Market Realities (RFI question #13)

The energy storage industry is currently operating in a changing procurement environment. In the last 18 months, major equipment costs as well as broader construction costs have increased substantially due to various drivers including tariffs, inflation, supply/demand imbalances, trade restrictions, labor shortages, global conflicts and political upheaval. Solicitations issued in these current market conditions are going to need to consider how to address change in laws risks, such as those seen with the changes to federal tax credits and federal tariffs on imports. Consideration should be given to provisions that address any occurrence involving a substantial change to federal tax incentives, domestic content requirements, or import tariffs by activation of a price adjustment clause in the contract. In addition, contracts should account for unforeseen inflationary circumstances such as through an indexing adjustment to ensure the viability of awarded contracts.

III. CONCLUSION

Elevate appreciates your consideration of the above comments for the development of the Transmission Connected Energy Storage Solicitations and is available to address any questions.