October 28, 2025

John Dalton
22 Devens Street
Concord, MA 01742

Next Generation Energy Act Requirements for Transmission Connected Energy Storage RFI

Dear Mr. Dalton,

Flatiron Energy is an independent power producer focused on the development of utility-scale, standalone storage in the Northeast. The leadership team at Flatiron Energy has over 60 years of collective experience working in standalone storage and over 100 years of combined experience working in the power and finance industries. The Flatiron leadership team has extensive experience developing storage in the Northeast and Mid-Atlantic and is currently constructing a 200MW | 800MWh standalone storage project in the Northeast. Flatiron Energy is a partially woman-owned, certified B Corporation, with a commitment to ethical, community-first development. Flatiron Energy is backed by Maryland-based Hull Street Energy, a private equity firm specializing in power sector investments that support grid decarbonization. Hull Street Energy manages over $3.3 billion in assets and brings decades of experience in power plant development, energy markets, and asset operations along with its commitment to fund Flatiron's utility-scale energy storage business.

Flatiron appreciates the opportunity to respond to the Maryland Public Service Commission's Request for Information regarding transmission connected energy storage under the Next Generation Energy Act. This initiative represents a significant step forward for Maryland's clean energy future, and Flatiron commends the Commission and Power Advisory for their thoughtful consideration of stakeholder input. Flatiron looks forward to supporting the development of a robust and effective solicitation process.

1. Contract Length

The Maryland NGEA requires at least a 15-year contract term.

a. What is a desirable contract term given the useful life of energy storage equipment, degradation of battery performance over time, augmentation schedules and financing considerations?

Flatiron Energy has experience financing projects with a variety of contract lengths. A minimum contract term of 15 years as required by the NGEA is a viable and financeable tenor. Project financiers generally need to see sufficient contracted revenue to cover a return on investment in order to get comfortable underwriting a project. A 15-year contract term is long enough to enable developers to unlock lower cost financing and short enough to allow project owners to capture merchant revenue on the tail-end of the project life that could also lower the overall contract price.

b. Would bidders welcome the opportunity to submit multiple contract term options for one project configuration?

Yes, Flatiron would welcome the opportunity to submit multiple contract terms. However, the State should describe how proposals of different contract terms will be compared to each other, including the discount rates that would be used. If the state has preference for a certain contract length, Flatiron requests that assumption be made explicit so developers can tailor their bids to best suit the needs of the region.

2. Energy Storage Price Schedule

The NGEA specifies that the contract shall be based on a partial toll.

a. How can energy storage project developers manage the risks posed by a partial toll?

i. What barriers, if any, do you expect with respect to financing the energy storage project with a partial tolling contract?

Flatiron has access to a number of lenders and that are comfortable with partial tolling arrangements and the team has previously closed financing for projects contracted under partial tolls. As such, Flatiron does not expect to see difficulties in the financing process. Partial tolls are beneficial to ratepayers as they allow projects to bid the minimum contracted revenue required to receive financing, while allowing developers to take on performance risk and upside.

ii. What barriers do you have or foresee with respect to participating in PJM wholesale markets for energy, capacity, and ancillary services with the ESCC partial tolling contract? E.g., existing offtake contracts, market risks, financial risks, etc.

N/A

b. How could a partial toll incorporate indexation?

i. What should be included in an index and over what period should the indexation occur?

Flatiron does not see the need for an index, and believe a fixed price mechanism is the most appropriate. Indexing to items like tariff or federal tax credit applicability would introduce unnecessary risk for Maryland ratepayers, and would be best left to applicants to manage.

c. How could the contract be structured to best balance project risks between developers and Maryland ratepayers?

Flatiron's view is that the optimal contract structure would be a fixed price for the PJM Capacity Market Revenue earned in the forward capacity market (the Base Residual Auction or "BRA"). The fixed price component of the contract should be based on the Installed Capacity of the Facility and should not be affected by changes in PJM ELCC accreditation. The certainty of this fixed price payment is a key aspect of project financability, which will allow new projects to be built. To ensure the value of the products that Maryland Ratepayers are receiving, projects should be required to clear in the BRA at the duration proposed in the RFP (with minimal exceptions such as Force Majeure). Operational risk and responsibility should reside with the applicant, rather than Maryland ratepayers. Overall this contract structure will result in lower

fixed prices, reduce operational risks to Maryland ratepayers (such as Capacity Performance penalties), and strike the appropriate balance of risks in the contract.

3. Procurement Schedule

The NGEA requires that the first solicitation be issued on or before January 1, 2026 and end with the PSC issuing a decision whether to approve one or more proposals by October 1, 2026.

a. If three months are required to conduct the application evaluation process, is two months for the development of applications sufficient?

While 2 months is feasible, a longer timeline would allow for more diligent proposals. Additionally, aligning the RFP response window with the re-opening of the PJM interconnection would allow for an expanded pool of projects, increasing competitiveness of the process and benefits to ratepayers. Flatiron suggests an RFP response deadline of May 2026, which would allow for the largest pool of potential projects, while still giving the evaluation team ample time to issue decisions by October 1, 2026.

b. What factors should be considered when designing the solicitation schedule, e.g., PJM interconnection queue processes?

The PJM queue's closure has prevented any new market participants from entering the system for several years, and will continue to prevent new applicants until April 2026. In that period, there have been significant market signals for new projects to enter Maryland, and Flatiron expects the next queue cycle to receive significant interest that will broaden potential projects that can successfully develop in Maryland. The solicitation schedule should be designed to allow for broad project participation to ensure healthy competition.

Maryland and Power Advisory should also consider providing schedule relief for any interconnection delays that may result from factors outside bidders' control. With the rush of new projects entering the queue in 2026, it is likely that PJM will experience delays in progressing projects through interconnection studies. Additionally, utilities may face delays in completing required interconnection upgrades. Without relief for interconnection delays outside the bidders' control, schedule risk may pose issues for securing financing.

i. Is two months sufficient time for proponents to submit an Application in response to this first solicitation?

Please see response to question 3a.

4. Penalties for Non-Performance

As dictated by NGEA, penalties for non-performance and underperformance in the contract, including withholding of payment that reflect the degree of underperformance, will be made against energy storage devices that fail to meet availability metrics.

a. Should these availability metrics follow the framework employed by PJM?

i. If so, how would this best be structured?

The structure of the payment as a partial toll incentivizes the battery to maximize the revenue it makes in the wholesale market, including by discharging into Performance Assessment Intervals when energy prices are likely highest. As such, the performance payment should focus on incentivizing the battery to maximize its availability for dispatch in the wholesale by minimizing outages and offline repair times. Doing so encourages the battery to retain the ability to discharge into the PJM market.

Flatiron would recommend an availability-focused framework, similar to the mechanism used recently by New Jersey. The New Jersey order launching the Garden State Energy Storage Program (GSESP) requires awarded transmission-scale energy storage projects under its program to be available for dispatch for at least 7,900 hours per year (approximately 90% of the 8,760 hours in a non-leap year) to receive their full annual fixed incentive payment. If a project is available for dispatch for less than 7,900 hours in a given year, payments are proportionately reduced for the relevant year by an amount equal to the number of hours the project fell short of the 7,900-hour requirement divided by 7,900 hours. For example, if a project was only available for dispatch for 7,505 hours in the relevant year, it would have fallen short of the requirement by 495 hours (or 5% of the 7,900 hours required). As such, the project's annual payment would then be reduced by 5%. This metric avoids mixed price or operational incentives, allowing the project owners to focus on optimizing battery dispatch into the PJM market.

PJM market signals will already provide substantial incentive to align performance with periods of the highest value, so contract penalties under the partial toll framework would add unnecessary risk, that would be reflected in higher fixed price offers.

b. Should contract penalties not apply if an energy storage project is unavailable after discharging for its proposed duration? Is it appropriate for customers to bear this risk?

Rather than creating penalties for the battery based on specific discharge hours (that creates risk for operators and increases bid prices), Flatiron recommends an availability-focused metric, as described in 4.a.

5. Eligible Bids

The NGEA requires projects to achieve commercial operation within two years of being selected by the MD PSC unless the Commission extends the operating deadline for good cause shown and requires the MD PSC to establish Energy Storage Capacity Credits (ESCCs) and require each electricity supplier to purchase these credits in proportion to the electricity supplier's capacity obligation.

a. Is the requirement of achieving commercial operation within two years of being selected by the MD PSC realistic?

It is unrealistic to receive COD within two years of selection for almost any project, and strictly enforcing the two-year requirement would lead to an anti-competitive procurement. A project would have to have procured all long-lead time equipment, be fully permitted and ready to start financing imminently, and have minimal-to-no utility upgrades to COD on a two year timeline, which would deeply limit the number of potential projects in the procurement.

i. Is it a barrier to your participation in the procurement? If so, what aspect of the timelines poses the greatest barrier – PJM timelines, project development timelines, supply chain (energy storage and other), closing financing, RE project component (for hybrid RE + storage projects), federal policies (ITC, FEOC, etc.), other?

The two-year timeline is a significant barrier to participation, and to ensuring a low-cost solicitation. The two biggest barriers are:

1) The timeline for new resources to be studied

New resources and those that entered the queue since the closure will not receive interconnection results until the start of 2028.

2) Utility upgrade timelines

After receiving interconnection study results from PJM, COD timelines are largely project specific as they are driven by the time required for utilities to complete the identified upgrades. This means that the 'clock for COD' resets, and rather than being driven by PJM study timelines, it is driven by the project-specific upgrades required. The result of this is that projects in earlier clusters do not necessarily have earlier CODs – rather, it is the project's specific interconnection configuration that more significantly impacts project schedule. Because of this, Flatiron would urge Maryland to allow all projects in the queue to bid, ensuring the state is able to select the most cost-effective bids.

ii. How could any adverse impacts from this requirement be mitigated, by reducing penalties for missing your target commercial operation date (COD)?

The state could mitigate negative impacts from a two-year requirement by implementing a one-time COD extension for good-cause. Flatiron suggests the state issue guidance that:

1. The target COD may be amended via a one-time extension after award selection for 'good cause shown' (creating a new 'Extended COD'). No penalties would apply for delays prior to the one-time Extended COD.

2. Project penalties would apply for COD delays after the Extended COD, and the contract date and payment would not begin until the actual COD.

iii. Please identify and discuss appropriate good cause events that should allow the Commission to extend the operating deadline?

Good cause events should include all events outside the developer's control, including:

- Delays in interconnection study timelines by PJM
- Utility-required upgrade timelines
- Delays in permitting process beyond applicants control

b. What schedule risks are reasonably beyond suppliers' control that should be included as reasonable causes for an extension of the two year commercial operation date specified in the NGEA?

Please see 5a.iii.

6. Resource Types

a. How should the solicitation compare the benefits of co-located resources and stand-alone energy storage against one another?

Preference should be given to stand-alone energy storage or resources that can charge independently of a co-located generator to recognize the incremental flexibility value of unrestricted charging/discharging and likelihood of supporting the grid during of system stress, including extreme weather, fuel scarcity and large unplanned resource outages.

i. Do you expect that a partial tolling contract may facilitate adding storage or increasing planned storage capacity with an existing or planned power plant?

N/A

7. Commission Approval

There are two separate but linked Maryland Commission approvals required for a project to receive ESCCs, the ESCC award process and construction approval process which are needed to bestow the same rights to the selected proposal that a generating system would otherwise be granted through a certificate of public convenience and necessity.

a. What information should be considered regarding the construction approval process in the ESCC approval process, if any? N/A

b. Does an approval of ESCCs that is conditioned on completing the construction approval process introduce any barriers? N/A

c. Should a project be required to begin the Commission's construction approval process before it is awarded ESCCs, or should this only be started after ESCCs are awarded, or should this be left to the discretion of the applicant?

This should be left to the discretion of the applicant based on the optimal approach for their project development schedule. Feasibility of the project schedule should be assessed among the Other Qualitative Factors.

8. Safety

a. Which safety standards should be required to be reviewed in the ESCC award process?

The ESCC award process should consider the safety certifications of the initially proposed equipment, as well as the safety program and experience of the applicant.

b. How should applicants' safety plans be evaluated in the ESCC award process?

Applicants should submit a thorough description of their safety approach, including and plans for developing Emergency Response Plans, Hazard Mitigation Analysis, and UL Certifications.

c. Should compliance with insurance requirements; outreach to emergency responders and host communities; and emergency response plans be considered?

Yes, applicants should be required to commit to meeting these requirements, and a demonstrated track record of positive engagement with emergency responders and host communities should be treated favorably.

9. Project Viability and Other Qualitative Factors

a. What key elements should be considered in evaluating project viability and how should these be reflected in terms of minimum requirements for participation including:

i. Site Control

Binding site control for the project site should be required.

ii. Interconnection studies/ Stage in the Interconnection Process

Projects should be required to have entered the PJM interconnection queue.

iii. Environmental permits

Applicants should be required to provide a permitting analysis for proposed projects. Additionally, applicants should be required to submit a project schedule that considers a feasible permitting pathway.

iv. Experience

Applicants should be required to have successfully developed at least one energy storage project of similar size to the proposed project.

v. Stakeholder outreach to determine potential local opposition

Applicants should be required to submit a stakeholder engagement plan that outlines their expected local outreach activities.

vi. Any other minimum requirements

Applicants should be required to submit an augmentation plan that allows the project to sustain its proposed effective nameplate capacity for the term of the contract.

b. How should supply chain and tariff risks be incorporated when assessing project viability?

Applicant's procurement experience and relationships with OEMs should be assessed as part of project viability, however the risks of supply chain and tariff navigation should be left to the applicant rather than borne by Maryland ratepayers.

10. Cost-Benefit Analysis

a. What benefits, besides capacity, locational and avoided emissions value, should be quantified when assessing the cost-effectiveness of the energy storage price schedule?

i. How should locational benefits of projects be quantified given readily available data?

Historical and projected data on capacity value in the different Load Delivery Areas within Maryland should be factored into capacity assessment.

ii. How should the value of longer duration storage (i.e., beyond 4 hours) be considered and if so, how?

Duration value should be aligned to the latest forecasted values of ELCC by resource class published by PJM.

iii. How should avoided/deferred transmission costs be considered and what commitments or assurances are needed to ensure that these transmission facilities are ultimately avoided or deferred? N/A

iv. How should the cost-benefit analysis assess the value of reliability during periods of system stress, including extreme weather, fuel scarcity and large unplanned resource outages?

This should be assessed by the evaluation team on a uniform basis based on the system wide benefits of energy storage. This should generally track with the expected ELCC values by resource class, which already represents PJM's assessment of a resources ability to deliver during these intervals.

11. Interconnection

a. Would a requirement of projects needing to be a Maryland based project in PJM's expedited Fast Lane, Transition Cycle 1, or Transition Cycle 2 process be a barrier to solicitation participation?

This requirement would be a barrier to participation in the first procurement round. The inclusion of projects which enter the latest PJM queue process when it opens in April 2026, provided they have a credible path toward COD, would lead to a more robust and competitive procurement process. Please see comments on Procurement Schedule in question 3 for proposed RFP due date that would allow for optimal participation.

b. Does the requirement of being a project in the PJM New Services Queue pose a potential barrier to solicitation participation?

No, allowing projects to be in the PJM New Services Queue is appropriate as long as PJM re-opens the queue for applications as scheduled.

c. If a project is in the PJM SIS (Surplus Interconnection Service) initiative or the PJM RRI (Reliability Resource Initiative), how should this be factored into the ESCC awards process and are there any special PJM requirements for participating in either of these PJM initiatives that need to be considered.

N/A

12. Community Benefit Agreement

a. What requirements from MD Code, Public Utilities, § 7-1202 Community benefit agreements should be considered in the ESCC award process as opposed to conditioning an ESCC approval on providing a Community Benefit Agreement?

Community Benefit Agreements should be a condition precedent to COD, rather than a condition of an ESCC award, to grant applicants sufficient time to engage with the local community and negotiate a CBA that maximizes community-specific benefits.

13. Energy Storage Industry

a. Any trends in or around the energy storage industry that may impact the procurement and how should these trends be accounted for in the solicitation. N/A

14. Future Application Periods

a. How can efficiencies be realized in the Round 2 Energy Storage Capacity Credit Application given that it will open about one year after the Round 1 Application Period? N/A

15. Non-Price Factors

a. What non-price factors should be considered by the Commission and how should these non-price factors be incorporated into the evaluation process.

Maryland and Power Advisory should assess the feasibility of the project schedule to ensure proposed projects are able to meet their proposed CODs. Additionally, preference should be given to Applicants that are able to provide evidence of stakeholder engagement (e.g. letters of support from local organizations) for their projects.

16. We are seeking voluntary information regarding projects likely to be proposed, which will be treated confidentially.

a. Please provide details of the size, duration, and location of the proposed project. N/A

17. Other

a. Any additional comments that you believe should be known or would be helpful in drafting the Request for Applications. N/A

Flatiron Energy thanks the Maryland Public Service Commission and Power Advisory for the opportunity to comment on the first-round solicitation and looks forward to continuing to engage on developing a viable, efficient and cost-effective procurement program in Maryland.

Sincerely,

/s/ Colin Schofield

Colin Schofield
Vice President, Origination
Flatiron Energy
[redacted]