DELAFIELD ENERGY

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COMMENTS: FRONT-OF-THE-METER ENERGY STORAGE

October 28, 2025

The following response is per the Maryland Public Service Commission ("MD PSC") and Power Advisory request for comments on a first-round solicitation of front-of-the-meter transmission connected energy storage under the Maryland Next Generation Energy Act.

> *Interested parties and stakeholders are invited to provide comments in response to the prompts below and/or any other topics related to the first-round Application Period. Please provide explanations for any recommendations provided. The comments provided will be used to inform the drafting of the Request for Applications and will not otherwise respond to comments.*
>
> *Submission Instructions: Please submit all comments to MDPSC-NGEA-Storage@poweradvisoryllc.com via email no later than 5:00 pm ET October 28, 2025 and include "First Application Period for Transmission Connected Energy Storage Projects" and the name of the organization submitting comments in the subject line.*

This submission is from Delafield Energy, a utility-scale solar and battery storage developer with over 13 years of experience in the region. Please feel free to reach out to [redacted] if you have any follow-up questions.

NOTE: Throughout this document we will use 'battery storage' or 'BESS' or 'storage' interchangeably with the term 'front-of-the-meter transmission connected energy storage' and stand-alone storage. We will also use 'the State' interchangeably with MD PSC, Power Advisory, and other Maryland decision makers.

Best Regards,

Steve Drew
VP of Development and Strategy
Delafield Energy

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?

20 years is the current industry standard for battery storage device agreements and we recommend that MD PSC and Power Advisory enact a 20 year standard.

In a tolling or similar storage agreements the counter-party dictates annual availability %, RTE, cycles per year and other standards. This allows the asset owner to handle functions such as degradation, augmentation, and similar requirements - irrespective of the technology utilized and details behind the project itself. These details will be incorporated into the bid by the submitter including all costs and processes needed to meet requirements.

The 20 year standard is one that helps to improve project financing and allows cost savings to flow to ratepayers.

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

Yes, with several small caveats. We believe that this option would provide the MD PSC with multiple, creative options that could be applied to maximize shareholder value. The potential challenge is that this would increase the number of submissions and thus, correspondingly increase the resources and time needed to review and evaluate all submissions. In addition, multiple terms also introduce intricacies in levelizing the effective value delivered to ratepayers between different terms. Potentially consider limiting the number of multiple contract term options to two (2) or three (3) per submission to address the volume issue and establish a uniform methodology to levelize the value of each configuration to ensure an "apples to apples" comparison.

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?

Partial tolls represent partial mitigation of merchant operational risk and, therefore, will result in higher financing costs than a full toll. Developers could benefit by strong assurances from the State on partial toll

payment structures (e.g. seasonal toll weighting to help lower-load grid conditions when merchant revenues are expected to be lower), guarantees and similar language that lowers risk for this portion of financial underwriting. Strong assurances should lead to lower overall financing costs that, when passed along, should lead to higher ratepayer value.

Even with a partial toll, Developers would still need to demonstrate the projected viability of the non-toll portion of the project (merchant operations) and the resulting profitability to secure financing. While this a common dynamic in wholesale markets such as PJM, it does increase the importance of strong locational fundamentals when underwriting a project.

NOTE: MD PSC and Power Advisory should recognize that the optimal location for a storage operating in a merchant model in PJM may not always correlate to the optimal location for benefits recognized by the State. For example, the State may value a storage facility in the Delmarva Peninsula to improve transmission reliability in an underserved community. At the same time this type of location may not have significant pricing / energy volatility needed to sustain a merchant storage project. The partial tolling agreement should reflect this type of variance an add incentives to offset this type of value difference.

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.

Some risks include the way PJM measures storage utilization on the PJM system. In general, PJM has yet to incorporate many of the benefits provided by storage and the actual operational parameters of storage that have already been incorporated into other ISO / RTO organizations. (e.g. CAISO and NYISO). This may change over time, and we would encourage the State to monitor these dynamics when crafting the final contract structures.

- **TRANSMISSION CAPACITY:** The State may not have adequate transmission capacity at ideal locations for storage and/or storage sizes at injection points / substations / transmission lines. This will be a queue, interconnection cost, and upgrade cost risk that developers will need to navigate.
- **DECLINING ELCC for STORAGE in PJM**: One risk that we foresee is the potential for PJM to lower the ELCC for stand-alone storage at a faster rate than originally anticipated when a bidder originally structured their bid. PJM's ELCC rating determines the percentage of facility capacity that is eligible for the annual Capacity Auction. A rapid deterioration of ELCC could pose unforeseen financial challenges for a storage facility that was expecting a higher amount of annual capacity revenue from the RTO.
- **ANCILLARY SERVICES:** We believe that PJM will follow in the footsteps of more mature storage markets and should add unique payments for ancillary services that drive storage behavior. The use and value and longevity of these potential future services are all undetermined as of October 2025. We believe that the partial tolling contract should:

    a) Protect ratepayers by ensuring that future ancillary services do not have a negative impact on the parameters of the tolling agreement; and

b) Allow developers to operate the storage to optimize the use of the asset outside of the tolling considerations.

b. How could a partial toll incorporate indexation?
i. What should be included in an index and over what period should the indexation occur?

The partial toll should include fixed pricing for value that is recognized but difficult to measure. For example, the value of reliability or locating projects in underserved communities should be relatively fixed rather than indexed.

We believe that indexed pricing depends on several factors and should be explored with a broader group of parties to ensure the long-term financial viability of these projects as well as risk levels to ensure ratepayer fairness.

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

Because Delafield Energy is not planning to submit projects into the first solicitation, we do not yet have a well-rounded view on optimal contract structure. However, it is our general belief that simplicity is preferred.

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?

NOTE: Delafield Energy will not be submitting projects into this cycle, but we have a strong interest in future cycles. As such, our comments are at a higher-level.

Two months may be sufficient for the development of an application as long as the total timing incorporates PJM queue timing, cycle timing, PJM project funding commitments and project commitments. The timing of solicitations should correlate with PJM timing as that has significant impact on project costs, risks and viability.

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

See above. Firm interconnection feedback from PJM (draft or executed Interconnection Agreement), and binary project approval timing should be considered when developing the solicitation schedule. Having

definitive feedback from PJM regarding a viable interconnection timeline is critical in determining if a project is capable of meeting the solicitation's energization guidelines. If the future timing is off for any reason, please consider the potential for delaying the execution of a binding agreement until PJM definitive interconnection feedback is received or allow developers to remove projects without penalty so as not to dissuade participation from well-intentioned bidders. (Not when it is a developer timing issue such as financing or other.)

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

No comment – Delafield Energy is not participating in this first solicitation.

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?

In general, we believe that the partial tolling agreement should reflect more consistent financial certainty for storage projects. This will help to create lower financing costs that, in turn, will be passed along to ratepayers.

Non-performance and underperformance obligations should correlate with availability metrics that follow the existing framework employed by PJM where performance makes sense. For example, there are values to ratepayers that are difficult to measure (e.g. Generic addition to system reliability, contributing to lowering overall ratepayer bills through shaving peak prices, value to underserved customer regions) that could be assigned a fixed value. Other uses of the storage facility may have a stronger correlation to performance such as availability for potential winter storms and related.

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?

Yes for cases and metrics where the State requires availability and those signals are both timely and clearly delivered to the project owner. No if the value provided cannot be measured or if the controlling signals cannot be delivered.

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?

Delafield Energy is not participating in the 2026 process. For future processes, timing can depend on the PJM cluster and queue. Commercial operation requirements should take the existing PJM cycles into consideration.

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?

n/a – Delafield Energy is not participating in the 2026 process.

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

n/a – Delafield Energy is not participating in the 2026 process.

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

- **PJM Cycle Timing:** Any event within PJM that impacts overall timing of all storage project approvals.
- **Federal Impacts:** Any event at the Federal level that can have a material impact on the cost and/or timing of all storage projects. This could include major tariff impacts or major disruptions to sourcing of storage components. Developers should manage individual company impacts but systemic issues should allow the Commission the ability to extend the operating deadline and/or allow developers to propose repricing options. Provide the Commission with flexibility and the ability to assess ratepayer impacts.

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?

See above.

c. What are appropriate interconnection standards (e.g., Capacity Interconnection Rights) for participating projects.

State standards should reflect PJM standards as PJM handles all interconnection aspects. The project must have an interconnection agreement with PJM.

A project without an interconnection agreement should not qualify as a participating project unless the State determines that a conditional agreement is appropriate due to timing.

i. What are appropriate minimum and maximum bid sizes in MW?

Minimum and maximum bid sizes should be up to the developer and limited by the conditions of the procurement. Allow developers to state their case about the benefits of the project to ratepayers – financial and locational value based by the value metrics set by the State. All projects should have a PJM interconnection agreement.

6. Resource Types

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

We see three categories for front-of-the-meter storage projects that should be measured differently:

a) **Stand-Alone Storage:** This type of project typically draws energy from the grid and then releases energy back onto the grid. Stand alone storage benefits are based on aspects such as capacity benefits, lower prices for the region, the ability to defer transmission investments, grid reliability during grid-impacting events, etc.

b) **Co-Located Storage (Direct Connect):** These storage assets may be located on the same land as a generation asset but are directly connected to the grid just like a stand-alone storge project. There is no difference between these assets and stand-alone other than where it is located. This type of facility should be measured and valued similar to stand-alone storage.

c) **Co-Located Storage (Hybrid):** These storage assets draw energy directly from a generating facility and release this energy onto the grid either at low-cost moments or on demand from a grid operator. Hybrid facilities do not draw energy from the grid and do not provide benefits from this like stand-alone storage. For example, hybrid solar and storage facilities can capture low-cost energy from the developer-owned solar facility during high production hours – then selling / delivering this energy onto the grid when demand and pricing are higher. The value is captured by the developer in this type of scenario. There may be scenarios where the State might want dispatch control over when this energy is released, but the State would not have control over any value from drawing energy from the grid. This type of hybrid asset should be valued separately.

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?

It depends on whether that storage asset is directly connected to the grid or if it is drawing energy from a power plant and then released onto the grid. It also depends on how the State values the different types of storage uses.

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?

Status of PJM interconnection, land control, status of permitting required by the State upon energization, status of environmental considerations required by Federal and/or State upon energization, and status of any State-specific conditions such as location related to State reliability or underserved community goals.

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

This may depend on timing of ESCCs with timing of procurement cycles and timing of ESCCs with PJM queue / clusters. We assume that the ESCC process will be both thorough and efficient.

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?

Conditional approvals may be fine in many of these cases. The process could require developers to meet major milestones as they progress rather than require all to be completed at once.

8. Safety

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

Maryland storage projects should meet national standards such as those set by NFPA 855 (Standard for the Installation of Stationary Energy Storage Systems) and UL 9540 (energy storage system). These standards are improved as the industry grows and as new technologies are introduced.

The State may also include community standards that are less detailed but still meet overall State goals. Examples could include outreach to emergency responders, emergency response plans, and any additional features.

We believe that safety functions that exceed State and National standards should be up to the developers and a strong part of the storage selection process. This could include factors that provide additional safety

benefits to the County and surrounding community, impacts to water flows, and innovative safety technologies.

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

Meet or exceed national and State standards.

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

Yes – per requirements that the State deems appropriate for all Maryland storage facilities.

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

Full site control through purchase or lease over the life of the project. This also may be a condition based on timing related to the selection and construction of the project.

ii. Interconnection studies/ Stage in the Interconnection Process

PJM interconnection queue should be a requirement. We believe that the State should assess the timing of storage procurement with PJM clusters / queue procedures in order to determine which types of PJM queue projects should qualify for a cycle.

iii. Environmental permits

Environmental permits should be at a desktop level for submission into a procurement process. This evaluation would determine the stage and completeness ahead of developers spending significant money on environmental permitting after selection.

iv. Experience

Experience should be around the development of successful stand-alone storage and hybrid storage projects within the United States. Years in business and years of utility-scale development experience of the team involved.

v. Stakeholder outreach to determine potential local opposition

Meet or exceed State standards and processes.

vi. Any other minimum requirements

Track record of developing utility-scale projects within similar systems.

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

Delafield Energy will not be participating in the 2026 solicitation process. In general, supply chain risk mitigation and tariff risks are a balance of protecting ratepayers and allowing developers to control what they can / recourse in the event something is outside of developer control.

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?

Considerations:

Some benefits are measurable while others are known benefits but difficult to measure. Considerations:

- System Reliability: Storage can significantly improve system reliability related to incidents (winter storms, tree falls, loss of load, loss of generation), system energy quality, and more. Storage can help keep the lights on during regular operations and during local or system-wide events.
- Deferment of Transmission: Transmission planning can incorporate peak load impacts to determine when new transmission / transmission assets must be built. Storage operations can shave these peaks and, depending on location, can defer or eliminate the need for new transmission. In general, this benefit is difficult to measure and impacts FERC regulations.
- Seams Impacts: This includes the electrical borders between Maryland and other states and the borders between transmission owners (utilities). These seams represent a change in control of energy flows and often result in events from one side of control impacting ratepayers on the other side of control. Storage can provide a buffer to help mitigate these operational and control issues – protecting ratepayers on both sides. This is another known benefit that is valuable, but difficult to measure.
- Lower Local Costs: The process of operating as a merchant storage facility involves delivering energy at peak cost to ratepayers – lowering energy costs at that time and lowering ratepayer bills. This benefit will be realized in areas where costs are volatile – allowing developers a greater chance to recover their investment.
- Support of Local C&I Investment: Storage provides grid stability and lower prices at a local or regional level. Manufacturers and data centers benefit significantly from this additional reliability and lower prices – increasing investment in that area.
- Underserved Community Benefits: The State may want to consider economic development, lower electric bill impacts, and similar benefits when selecting project locations.

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

We recommend that the State require a points-based system for selection of projects. Include points related to selected locational value metrics. Scale points according to what may drive the overall value to Maryland ratepayers and the goals of this program – Direct cost, safety, economic development factors, and more.

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

Longer duration storage beyond 4 hours should be both an economic consideration as well as a technology consideration. We believe that the State should set goals for longer duration storage based on value metrics that are similar to existing commercially available technologies. The selection of long duration storage should meet ratepayer value goals such as price, proven commercially available technology, and competitive metrics.

Megawatts / megawatt hours related to long duration storage should be accretive to goals set for standard duration storage and not be at the cost of implementing commercially viable storage.

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?

There is no question that the implementation of large, front-of-the meter storage can defer transmission or distribution. This is often called storage as a transmission asset (SATA). Appropriately sized storage and storage at the right location(s) on the grid can 'shave the peak' off of future load peaks – deferring or eliminating the need for new transmission.

The challenge is in how to measure this value and who determines how to measure the value. This process is fraught with issues related to transmission investment, who pays for the deferred / eliminated transmission, who gets to own the storage asset, and more. FERC, RTOs/ISOs, utilities and States are not in agreement on how to measure or pay or value at this time.

We believe that the State can assess a general value for storage related to this benefit as part of the overall partial tolling agreement. Generic benefit rather than a measurable benefit.

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?

We believe that these values may eventually be captured through PJM ancillary services. For now, value associated with system reliability should be a fixed value within the partial tolling agreement that might become measurable at a later date. Similar to where utilities often have a general 'system reliability' component that is known but not directly measurable.

CAISO and, to a certain degree, ERCOT have examples of system reliability benefits provided by storage. These are often look-backs on system stress events where storage penetration provided net benefits.

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?

Delafield Energy is not participating in the 2026 solicitation process. In general, future solicitations should be tied to PJM queue timing and cycles.

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

n/a

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?

General Comment: We believe that a points-based procurement process can address Community benefit agreements or similar conditions. If needed, a project can be eliminated from consideration or elevated based on this type of points allocation system.

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.

The State should consider ongoing procurement issues related to Federal standards such as Foreign Entity of Concern (FEOC) and data or control-impacting sourcing from such countries. 2025-2026 is a transitional

time for these issues. We believe that future years could be more settled – depending on any as yet known Federal actions.

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.

We believe that the Commission and State should develop a points-based allocation process for determining both pricing and non-price factors. For example, the State could utilize a 1000 basis-point process and allocate weighting for the pricing function (broken down by components) as well as non-price factors such as community, safety, experience and more. This type of basis point system would allow the appropriate weight for price vs. non-price and weight for factors of value within each category.

Non-price factors: Safety, Environmental, Feasibility (experience) Social, Supply Chain, Unmeasurable Benefits (SATA, Reliability, etc), Innovation, Historic Impact, Other.

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.

Delafield Energy believes that the addition of front-of-the meter storage to the Maryland system will greatly benefit Maryland ratepayers. From reliability and 'keep the lights on' value to lowering bills to added economic development. We appreciate the chance to provide limited feedback and welcome and additional questions.