Alliance for Climate Transition (“ACT”) and Solar Energy Industries Association (“SEIA”)
Docket No. 26-08-05
Response to Interrogatory CAE-41
Date of Submission: August 28, 2026
People Responsible: Tim Snyder (ACT) & Ruthie DeWit (SEIA)

Question:

CAE-41 Explain why the existing wholesale distribution access tariff (WDAT) is insufficient to support economically viable deployment of standalone FTM storage resources. Further, explain how a bidirectional retail TOU tariff would address those limitations.

Response:

The WDAT is insufficient because it is a one-directional tariff. It establishes what a storage resource pays to use the distribution system to import wholesale energy, and it provides no corresponding mechanism to compensate that resource for the value its exports deliver to the distribution system. The insufficiency is structural rather than a question of rate level. Lowering WDAT charges would improve project economics at the margin, but it would not create a compensation channel.

The tariff defines wholesale distribution service as the transportation of wholesale power over the distribution system to serve a resource's wholesale charging load, and it assesses charges based on maximum charging demand during defined time periods. That structure already recognizes that the timing of storage charging imposes different costs on the distribution system. It contains no parallel recognition that the timing and location of storage discharge can create corresponding benefits to that same system.A resource taking service under the WDAT is therefore assessed charges based on its charging demand and receives no corresponding recognition of the distribution-system benefit its discharge provides.

The consequence for deployment follows from that asymmetry. A standalone FTM storage resource operating under the WDAT can earn revenue only from ISO New England markets. The distribution-system value the resource creates is unavailable to it as revenue, so it does not enter the project's economics at all. The Joint Commenters identify that value in response to CAE-42.

The revenue available under the WDAT is insufficient to support development. Analysis prepared for the Green Bank in Docket No. 21-08-05 modeled front-of-the-meter storage configurations in Connecticut against the wholesale distribution tariff as then proposed, and found a revenue gap remaining in each case after accounting for

available wholesale market revenues.[1] The tariff was subsequently adopted substantially as proposed.

The revenue that is available under the WDAT is also less certain than a resource financing today requires. Energy revenue settles at nodal prices that vary by the five-minute interval. Capacity revenue is not presently available to new resources as a practical matter, because no Forward Capacity Auction has cleared for a commitment period after May 2028 and ISO New England is transitioning to a prompt and seasonal capacity market whose design and timing are not settled. A project seeking financing cannot rely on that revenue stream. Whether a resource can be financed determines whether it is built, and revenue that is both incomplete and uncertain does not support the deployment the Authority is seeking.

A bidirectional retail TOU tariff addresses these limitations by making the treatment of charging and discharge symmetric. On the import side, time-differentiated retail rates give the resource a charging price it can forecast in advance of the operating day, which the WDAT does not, because WDAT charges attach to wholesale energy purchased at nodal prices. On the export side, the tariff creates the compensation channel the WDAT lacks, allowing a resource to receive value for discharge that reduces local peaks, relieves constrained distribution facilities, or otherwise avoids distribution cost.

Other jurisdictions have established that distribution value can be identified and compensated separately from wholesale energy and capacity value. New York's Value of Distributed Energy Resources framework includes a Demand Reduction Value component reflecting a resource's contribution to reducing future distribution upgrade needs, and a Locational System Relief Value component providing additional compensation in utility-designated locations where distributed resources deliver greater value to the system. Both are layered alongside wholesale energy and capacity values within the same compensation structure.[2] Massachusetts uses a distribution circuit multiplier under its Clean Peak Energy Standard, which increases the credits a qualifying resource earns on designated circuits based on the load profile and needs of that circuit, currently at a factor of two for the first ten years of eligibility.[3] Both mechanisms compensate resources based on where they are located and when they operate. A bidirectional TOU tariff would do the same in Connecticut by pairing lower charging costs during hours of low distribution utilization with compensation for exports when and where they reduce distribution cost.

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[1] Customized Energy Solutions, Ltd. and Sustainable Energy Advantage, LLC, Front of the Meter Energy Storage Projects in Connecticut: Barriers, Opportunities and Benefit Cost Analysis, prepared for the Connecticut Green Bank, Docket No. 21-08-05 (June 2022), at 40, https://www.dpuc.state.ct.us/dockhistpost2000.nsf/8e6fc37a54110e3e852576190052b64d/db870a393d56249785258db70065aa56/$FILE/FTM%20Energy%20Storage%20Projects%20in%20CT%20-%20BCA%2006102022.pdf.

[2] *See* New York State Energy Research and Development Authority, *Value of Distributed Energy Resources*, https://www.nyserda.ny.gov/All-Programs/NY-Sun/Contractors/Value-of-Distributed-Energy-Resources.

[3] *See* Massachusetts Department of Energy Resources, *Clean Peak Energy Standard Notices and Updates*, https://www.mass.gov/info-details/clean-peak-energy-standard-notices-and-updates; 225 C.M.R. § 21.00 *et seq.*