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Sent Via Electronic Mail Only [Luly.Massaro@puc.ri.gov]:

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Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
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**Re: OER Closing Letter - PUC Docket No. 23-44-REG
2024 Rhode Island Renewable Energy Growth Program**

Dear Commissioners:

The Rhode Island Office of Energy Resources (“OER”) appreciates the Public Utilities Commission’s (the “Commission”) opportunity to submit closing remarks on the Renewable Energy Growth (“REG”) docket, and for the thoughtful discussions during the hearing. Please note that the comments below are submitted on behalf of OER and not the Distributed Generation Board (“DG Board”), because the Commission’s open meeting and decision in this docket are scheduled to occur prior to the DG Board’s next meeting in May. If the Commission considers possible alternatives to what was filed by the DG Board and based on the discussions during the docket hearing, then OER offers the following closing remarks for this docket.

Ceiling Prices

OER respectfully suggests that the Commission consider approving the 2024 program year ceiling prices and tentatively approving the 2025 and 2026 program year ceiling prices that would be subject to an updated docket review and rulings by the Commission, prior to the 2025 and 2026 REG programs launching with Rhode Island Energy.

OER and its consultant would file an update on the federal landscape (ex: interest rates, federal legislation) and market conditions (ex: results of the 2024 competitive enrollments, analysis of regional installed cost data, uptake in the REG small solar program applications over the summer/fall) and any possible updates to the tentative 2025 and 2026 ceiling prices to the Commission in November 2024 and 2025 to review during those respective docket proceedings.

A 3-year (even with tentative ceiling prices for the 2025 and 2026 program years that will be subject to changes by the Commission) REG program plan (instead of a single program year that is closed and reviewed every 6-7 months) provides the clean energy industry and land/rooftop owners a tentative idea of the potential REG program conditions when developing projects over the next 12-24 months, while giving the Commission the ability to adjust future program year ceiling prices based on new market conditions and data that may be provided to the Commission by OER, DG Board, the Division of Public Utilities and Carriers, Rhode Island Energy, and other interested parties.

Megawatt Allocation Plans History and Projected Program Cost Estimates from Rhode Island Energy

In view of the past performance of the annual REG program and associated Megawatt Allocation Plans, the cost estimates provided by Rhode Island Energy in the supplemental response for the docket proceeding are based on unrealistic selection, attrition, and compensation assumptions. Below is a summary of information prepared by Sustainable Energy Advantage (“SEA”) on the history of prior REG program Megawatt Allocation Plans and Rhode Island Energy’s projected program costs:

Based on SEA’s analysis of historical program performance, SEA estimates that actual program plan costs **will be 54% below the Company’s estimate.**

- a.) The Megawatt Allocation Plan has only been fully subscribed for a given program year on rare occasions, and is frequently undersubscribed (sometimes very undersubscribed).
 - i. The Plan has only been fully subscribed twice in the 9 program years of the REG program.
 - ii. As shown in RIE’s 2nd set of data requests, the average subscription rate over the life of the REG program is **78%**.
- b.) The amount of selected capacity is subject, on average, to substantial attrition.
 - i. This attrition rate is **34%** through 2020, the last program year for which the full 3-year reservation period has fully elapsed.
 - ii. It is likely that this attrition rate will grow as the reservation period elapses for 2021-2023 selected REG projects.
- c.) For the competitive classes, the as-bid Performance Based Incentive value of selected projects is not equivalent to the ceiling price, since the >25 kW classes are competitively procured.
 - i. Based on an analysis of accepted bids relative to ceiling prices, SEA assumes as-bid prices will be **90.5% of the ceiling price** (a 9.5% reduction).
- d.) Assuming a 78% subscription rate from 2015-2023, a 34% attrition rate for 2015-2020 (note that the reservation period is still ongoing for 2021-2023), and an as-bid value of 90.5%, this implies a cost reduction of **54% below the Company’s estimate** relative to an estimate in which all projects are selected and come online.

As stated in SEA’s pre-filed and hearing testimony, if a multi-year Megawatt Allocation Plan is not approved, most market participants have suggested to SEA that they would likely only target their projects to the net metering or Virtual Net Metering (“VNM”) programs. As was discussed during the docket hearings, the total cost of any energy program before the Commission is very important and should be carefully weighed by all the parties, but it should not be considered to the exclusion of the benefits tied to the purpose of the REG program, which is why, unlike past annual REG docket

proceedings, a benefit and cost analysis was performed by SEA for this docket. We greatly appreciate and respect the balancing act that the Commission considers when reviewing programs in the context of ratepayer costs/benefits and the state's renewable and Act on Climate laws and policies.

2024–2026-Megawatt Allocation Plan and ISO-New England and Affected System Operator Studies

OER had initially proposed a draft 2024 Program Year Megawatt Allocation Plan that didn't include megawatt capacity for the Large Solar II, III and IV classes. Rhode Island Energy in the fall then recommended increasing the megawatt capacity to these classes and maintained that recommendation to the DG Board at its February meeting. Recognizing the ongoing review and possible dynamics associated with the large solar (one megawatt and above) and the Affected System Operator ("ASO") interconnection studies with ISO-New England and matters associated with the Federal Energy Regulatory Commission, OER would respectfully suggest that the Commission consider approving the 2024 Megawatt Allocation Plan but require Rhode Island Energy to provide the Commission with an update **no later than May 31st** on the status of ASO interconnection studies with ISO-New England. As a component of that update, OER would recommend that Rhode Island Energy provide an update of the volume of projects expected to be eligible to bid into the 2024 program year for each of the REG large solar classes. If ASO interconnection studies are further delayed into the summer/fall period, then OER would recommend the Large Solar II and III classes be paused for the 2024 REG program and examined with the 2025 REG program plan filing updates to the Commission in November 2024.

Preferred Site Adders

Virtual Net Metered and Renewable Energy Growth Projects on Brownfields and Landfill Sites

There was an interesting scenario raised during the docket proceeding discussions on if a developer potentially tried to build a VNM and REG project with the preferred site adders on a brownfield or landfill site. OER would recommend that if a preferred site adder is approved by the Commission with the 2024 or 2024-2026 REG program plan that it be made clear to developers in the applicable Rhode Island Energy's REG application and rules that a developer can only choose the REG program with the preferred site adder or a VNM project for a brownfield or landfill site, **but not both state programs (if preferred site adder is included)** on the same brownfield or landfill properties.

Preferred Site Adder Pilot Program - Possible Option for Consideration

The preferred site adders were a substantive change to the REG program prospectively by the General Assembly in 2023, as the amendments to the VNM and REG laws were the most significant updates to those respective state laws since the local siting/permit issues emerged in 2017 with ground mounted solar project development. If the Commission decides not to approve the preferred site adders over the 3-year REG program plan, then OER would recommend consideration of a Pilot Program to evaluate the results from developers and the pricing/competition results that may emerge. Here are several suggestions for consideration on the parameters of a possible Pilot Program:

- **Duration:** 18 Months. Having a pilot program limited to a specific REG program year (assuming the first competitive open enrollment by Rhode Island Energy isn't until June 2024) would only provide developers, landowners, and municipalities with a very short program window and that would unlikely be enough time for the market to react to a pilot program.

- **Megawatts Allocated:** 10 megawatts in Large Solar I and 10 megawatts in Large Solar II. Based on the solar siting outreach and engagement efforts that OER conducted with municipalities and stakeholders across the State in 2018, the general acreage required for 1 megawatt of ground mounted solar capacity was between 3-5 acres depending on the topography and conditions of a site. With most projects likely falling within the Large Solar I and II classes, we would recommend a minimum megawatt capacity for a limited pool projects to competitively bid and provide results to the Commission and the parties that can be evaluated to inform the 2026 and beyond REG program years.
- **Eligible Classes:** Large Solar I and II.
- **Adder Values:** Cost-based values, as proposed in OER and the DG Board's recommended program plan.
- **Open Enrollments:** The first competitive solicitation (provide the market ability to react to a possible Pilot Program and the parameters) be held in the Fall of 2024. Subsequent enrollments of the Pilot Program would be determined by Rhode Island Energy based on status of interconnection queue and ASO studies with ISO-NE.

Thank you for your time and consideration given to these remarks before making your decision.

Sincerely,



Albert J. Vitali III

AJV/njr