

RI REG 2025 Ceiling Prices Stakeholder Data Request and Survey (Small Solar Only)

Rhode Island Distributed Generation Board

SURVEY TO INFORM 2025 PY CEILING PRICE DEVELOPMENT

DUE DATE: Monday, September 23, 2024

Dear Renewable Energy Industry Participants:

The Rhode Island Office of Energy Resources (OER) and Distributed Generation Board (DG Board) seek your input into the development of ceiling prices for renewable energy projects under the Renewable Energy Growth (REG) Program for the 2025 Program Year.

OER and the DG Board have an obligation to submit ceiling price recommendations to the RI Public Utilities Commission intended to support viable and cost-effective projects. Receiving current information from market participants is critical to developing robust, accurate, and defensible ceiling price recommendations.

Given the evolution of market conditions and the experience with the DG Standard Contracts (SC) and REG programs to date, the DG Board and OER seek your feedback on several topics related to Ceiling Price development for the 2025 Program Year (beginning April 1, 2025). OER requests descriptive explanations and source materials to complement the quantitative data provided in response to the Data Request.

PLEASE NOTE that the consultant—Sustainable Energy Advantage LLC (SEA)—intends to address questions pertaining to projects less than or equal to 25 kW, covering the Small Solar I and II renewable energy classes, in this survey. SEA is seeking targeted feedback on Small Solar I and II given the PUC approved a three-year schedule of ceiling prices for all renewable energy classes over 25 kW for the 2024-2026 program years in Docket No. 23-44-REG.

Feel free to respond to as many of the following questions as you are able. Please be specific with your comments, recommendations and sources. Use as much room as you need. You may also save your responses and come back to complete the survey at a later time if you are interrupted.

This survey is your primary opportunity to provide written comments and recommendations, as well as evidence to substantiate your comments and recommendations. Additional opportunities will also exist for both written comments and participation in public meetings. In general, the absence of a response to any of these questions will be treated as support for the current policy design.

As has been the case in prior years, the 2025 Ceiling Prices must ultimately be approved by the Rhode Island Public Utilities Commission (PUC) after thorough review and comment by the Commissioners, Commission staff and the Division of Public Utilities and Carriers, Rhode Island's official advocate for electric ratepayers.

In anticipation of this review, we note that it is highly unlikely that we would incorporate suggested changes to the recommended Ceiling Prices that are not supported by substantial and credible evidence, or could be inconsistent with state laws, rules and tariffs governing the REG Program already approved by the General Assembly and/or the PUC. While we welcome the opportunity to receive and vet all stakeholder feedback, our flexibility in incorporating said stakeholder feedback is not absolute.

All Survey responses are voluntary and will be kept confidential in accordance with the State's Access to Public Record Act. Any information provided in response to this Survey will not be identified in relation to, or attributed to, an individual respondent in any public presentation or public document.

If you have any questions about how to complete this survey, please contact Toby Armstrong at tarmstrong@seadvantage.com or (508) 665-5864 and/or Cal Brown at cbrown@seadvantage.com or (508) 665-5868.

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Respondent Information

* 1. Please provide your name and contact information:

Name

Company

Email Address

Phone Number

2. What types of projects are you involved with? You may add multiple responses.

- Small Solar (under 25 kW)
- Medium, Commercial and/or Large Solar (>25 kW-5,000 kW)
- Non-Solar (Wind, Hydroelectric, Anaerobic Digestion)

3. What are the most significant market changes in Rhode Island (other than the enactment of Act Related to Public Utilities and Carriers - Net Metering) since 2023 that should be considered in this round of Ceiling Price development for the following renewable energy classes?

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Small Solar Screening Question

4. Do you (or does your firm) develop solar projects less than or equal to 25 kW?

- Yes
- No (end this survey)

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Small Solar (under 25 kW) Questions

5. During the 2022 Program Year, the Small Solar I and II resource classes saw strong participation, with capacity fully subscribed and added capacity allocated to these resource classes to accommodate the strong application rate. In your view, what factors (e.g., REG tariff price, supply chain, market interest, competing net metering rates) resulted in the strong participation from Small Solar resource classes in the 2022 Program Year?

6. In contrast, the 2023 and 2024 Program Years have seen comparatively moderate participation from the Small Solar I and II resource classes. In your view, what factors (e.g., REG tariff price, supply chain, market interest, competing net metering rates) are driving the less robust participation rate in the Small Solar resource classes during the 2023 and 2024 Program Years?

7. Given current market conditions, how would you characterize the attractiveness of compensation under the REG program to customers, as compared to net metering compensation?

8. Since the 2022 Program Year, there has been a notable decline in the installation of battery storage systems paired with REG Small Solar I and II resources. What are the primary reasons your company does not install battery storage systems within the REG Small Scale program? Please select all applicable reasons and provide additional details if possible.

- Delays/difficulty in equipment procurement
- Interconnection issues
- High equipment Costs
- Design complexity
- Compliance with codes and regulations
- Do not offer installation of battery storage technologies to customers at this time
- Other (please specify)

9. Copied below are the solar cost and production modeling inputs used in the approved 2024 Ceiling Prices calculations for Small Solar projects. Please reference the table as you answer the questions below.

Cost Inputs	Small Solar I (≤ 15 kW)	Small Solar II (15-25 kW)
Fixed O&M (\$/kW-yr)	\$29	\$24
O&M Escalation Factor (%)	2.0%	2.0%
Non-O&M* Escalation Factor (%)	2.0%	2.0%
Insurance (% of Total Cost)	0.0%	0.0%
Project Mgmt. (\$/yr)	\$0	\$0
Site Lease (\$/yr)	\$0	\$0
Invert Replacement Cost (\$/kW)	\$50	\$50
Inverter Replacement Timing (Year of Project Life)	12	12

* Includes non-O&M operating expenses such as insurance, project management, and site lease costs.

If you believe any of the above inputs should be changed, please enter in your recommended input into the boxes below. **Please specify if the change would apply to Small Solar I, II, or both.** For any input that you believe to be reasonable (should remain unchanged), please leave the text box blank.

For assumptions that you disagree with, please provide more reasonable costs, supported by documentation to Toby Armstrong at tarmstrong@seadvantage.com.

Any responses that are not provided in units consistent with units utilized the table above will not be accepted.

Fixed O&M (\$/kW-yr)

O&M Escalation
Factor (%)

Non-O&M Escalation
Factor (e.g., site lease,
insurance, project
mgmt., etc.) (%)

Insurance (% of Total
Cost)

Project Mgmt. (\$/yr)

Site Lease (\$/yr)

Inverter Replacement
Cost (\$/kW)

Inverter Replacement
Year (Year of Project
Life)

10. Is the inverter replacement (and associated costs) typically covered by a warranty? If the warranty does not cover all costs associated with inverter replacement, please detail such costs and provide an estimate of such costs in \$/kW.

11. In your experience, what is the market share (% of total) in Rhode Island of customers financing a 1-15 kW system purchase with:

Home equity loans/lines of credit

Specially-designed solar loans

Cash

Other debt (please specify)

12. What is the typical duration (in years) of home equity loans in Rhode Island for systems 1-15 kW?

13. What is the typical duration (in years) of solar loans in Rhode Island for systems 1-15 kW?

14. What are the typical interest rates (in percentage terms) for home equity loans in Rhode Island for systems 1-15 kW?

15. What are typical interest rates for solar loans in Rhode Island for systems 1-15 kW?

16. What are the total fees (expressed as a percentage of the total loan amount) typically charged by the lender to a solar PV system 1-15 kW?

17. Are lender fees usually accounted for separately from the loan principal, or are they rolled into the principal itself?

- Accounted For Separately
- Rolled into Principal
- Other (please specify)

18. What percentage of projects from 15-25 kW are:

Purchased 100% with cash

Financed 100% with debt

A mix of cash and debt

19. For customers utilizing a mix of cash and debt, what percentage of cash is typical?

20. What kind of debt do 15-25 kW projects usually utilize? What are typical durations (in years), interest rates, and fees associated with this debt?

Type of debt:

Typical Duration:

Typical Interest Rates:

Fees:

21. What is your current expected lead time for solar module procurement for projects that would participate in the 2025 REG program year (e.g., already obtained in 2022, already obtained in 2023, to be obtained in 2024, etc.)?

22. Have you attempted to qualify your projects for the Domestic Content Investment Tax Credit (ITC) Bonus, why or why not? If you have attempted to qualify your projects for the Domestic Content ITC Bonus, have you been successful in finding domestic suppliers?

23. Have there been other market changes not previously addressed in this survey that may impact project costs that you wish to highlight?