

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION**

The Narragansett Electric Company  
d/b/a Rhode Island Energy

RE: 2025 Renewable Energy Growth  
Program

Docket No. 24-50-REG

**PREFILED DIRECT TESTIMONY OF**

**Michael W. Brennan, Consultant**

**On Behalf of Rhode Island Division of Public Utilities and Carriers**

January 22, 2025

Prepared by:  
Michael W. Brennan  
14460 Falls of Neuse Road, Suite 149-110  
Raleigh, North Carolina 27614  
(919) 219-2957

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**DIRECT TESTIMONY OF MICHAEL W. BRENNAN**

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND THE BUSINESS ADDRESS OF YOUR**  
3 **EMPLOYER.**

4 A. My name is Michael W. Brennan. I am a consultant for Gregory L. Booth, PLLC ("Booth,  
5 PLLC"), mailing address 14460 Falls of Neuse Road, Suite 149-110, Raleigh, North  
6 Carolina 27614.

7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS MATTER?**

8 A. I am testifying on behalf of the Rhode Island Division of Public Utilities and Carriers  
9 ("Division").

10 **Q. WOULD YOU PLEASE OUTLINE YOUR EDUCATIONAL BACKGROUND?**

11 A. I graduated from North Carolina State University in Raleigh, North Carolina in 1992 with  
12 a Bachelor of Science Degree in Civil Engineering and received a Master of Business  
13 Administration from Wake Forest University in 2000.

14 **Q. PLEASE BRIEFLY DESCRIBE YOUR EXPERIENCE WITH ELECTRIC**  
15 **UTILITIES.**

16 A. I have worked in the electric utility industry since 2000. I was employed by Progress  
17 Energy from 2000 to 2012 and Duke Energy from 2017 to 2019 in a multitude of positions.  
18 Attached is my Curriculum Vitae Exhibit MWB-1. I have been actively involved in all  
19 aspects of electric utility strategic and financial planning, utility investment analysis, public  
20 policy, ratemaking, and renewable energy program management. I also have experience  
21 advising clients on energy markets and renewable energy project development.

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED AS AN EXPERT BEFORE THE RHODE**  
2 **ISLAND PUBLIC UTILITIES COMMISSION?**

3 A. Yes, I testified in Docket 5088 in 2021, in Docket 5202 in 2022, in Docket 22-39-REG in  
4 2023, Docket 23-05-EL in 2023 and Docket 23-44-REG in 2024.

5 **Q. HAVE YOU PREVIOUSLY TESTIFIED AS AN EXPERT IN OTHER**  
6 **JURISDICTIONS?**

7 A. No.

8  
9 **II. PURPOSE OF TESTIMONY**

10 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

11 A. The purpose of my testimony is to provide observations and recommendations on the  
12 following key elements of the proposed 2024 Renewable Energy Growth (REG) program:

- 13 1. Tariff and Program Rule changes proposed by Rhode Island Energy.
- 14 2. The recommended 2025 administratively set prices for the Small Solar classes.
- 15 3. The proposal to establish a pilot program for adders for certain preferred sites.
- 16 4. The recommended MW allocations to the RE Growth Classes for 2025

1 **III. TARIFF AND RULE CHANGES**

2 **Q. DID RHODE ISLAND ENERGY PROPOSE CHANGES TO THE RE GROWTH**  
3 **TARIFFS AND PROGRAM RULES?**

4 A. Yes, Rhode Island Energy (RIE) made minor edits to both the RE Growth tariffs and the  
5 program rules for both Residential and Non-Residential customers.

6 **Q. WHAT PROMPTED THESE CHANGES?**

7 A. The changes are mostly editorial in nature including updated references to website  
8 locations, but also include the following changes to the program rules for projects > 25  
9 kW:

10 a) a proposed requirement for more specific information in order to evaluate  
11 violation of project segmentation rules

12 b) a place holder for a section to be added for the potential preferred siting adder  
13 pilot program

14 The proposed changes to the non-residential tariff include additional language regarding  
15 the process by which Medium Scale Solar Projects can extend their deadline of achieving  
16 commercial operation, including the required payment of additional security deposit  
17 amounts.

18 Furthermore, the tariff for both residential and non-residential customers now includes  
19 additional language clarifying the process for termination.

20 **Q. DOES THE DIVISION SUPPORT THE PROPOSED CHANGES?**

21 A. Yes, the Division supports the proposed changes.

22

1 **IV. 2025 CEILING PRICES FOR SMALL SOLAR CLASSES**

2 **Q. DID THE DIVISION PARTICIPATE IN THE STAKEHOLDER PROCESS FOR**  
3 **THE DEVELOPMENT OF CEILING PRICES FOR THE 2025 PROGRAM YEAR?**

4 A. Yes, the Division participated in two stakeholder meetings and provided feedback and  
5 comments to SEA. The Division submitted written comments in response to the requests  
6 for comments issued by OER/SEA during the stakeholder process.

7 **Q. WHAT FEEDBACK AND INPUT DID THE DIVISION PROVIDE TO THE**  
8 **STAKEHOLDER PROCESS RELATED TO SMALL SOLAR PRICES?**

9 A. The Division provided feedback that recent enrollment data suggests that small solar  
10 projects are significantly favoring the net metering program over the renewable energy  
11 growth program even though the current pricing (2024 prices) for RE Growth are  
12 considerably higher than the current renewable net metering credit rates. The conclusion  
13 is that non-price factors may be contributing to this preference. The Division also reserved  
14 final comments on the proposed Small Solar prices pending the outcome of further research  
15 SEA/ OER was proposing regarding financing costs and other factors.

16 **Q. WHAT ARE THE PRIMARY DIFFERENCES BETWEEN NET METERING AND**  
17 **RE GROWTH FROM THE PERSPECTIVE OF SMALL SOLAR PROJECT**  
18 **OWNERS?**

19 A. The primary differences between Net Metering and RE Growth for Small Solar (<25 MW)  
20 projects are:

- 21 1) The term of the tariff for RE Growth is limited to 15 years for Small Solar I and  
22 20 years for Small Solar II. Net Metering projects have a term that is indefinite/  
23 life of asset.

1           2) The value received for the kWh produced in the RE Growth Program is fixed  
2           for the term of the tariff (15 or 20 years). The value received for the kWh in  
3           the net metering program varies seasonally and annually as the retail rate  
4           elements that make up the renewable net metering credit rate change.

5           3) The renewable energy credits (RECs) created by the project remain with the  
6           customer in the case of Net Metering. These RECs are sold to the company in  
7           the case of RE Growth (as part of the overall fixed price paid).

8 **Q. CAN YOU ELABORATE ON THE RECENT TRENDS IN SMALL SOLAR**  
9 **PARTICIPATION IN NET METERING AND RE GROWTH?**

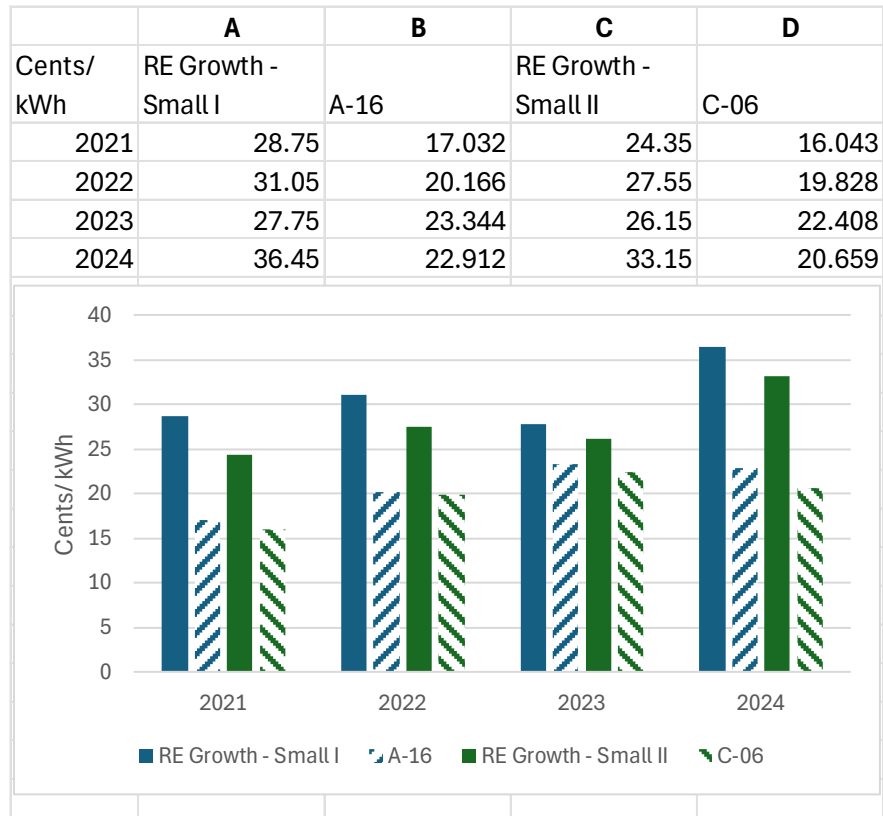
10 A. Rhode Island Energy provided responses to Division 1-1 summarizing both the level of  
11 enrollment in MW's as well as the level of pricing/ rate of compensation for both RE  
12 Growth and Net Metering. As shown below, over the past four years, small solar customers  
13 favor net metering over RE Growth by a margin of more than 4 to 1. Over the past two  
14 years, this margin is over 15 to 1.

15 *Division Table 1 – Program Participation (in MW-DC)*

<b>Year</b>	<b>RE Growth (MW-DC)</b>	<b>Net Metering (MW-DC)</b>
2021	12.295	19.31
2022	10.286	41.296
2023	0.681	31.530
2024 (YTD)	2.543	19.098
<b>Total</b>	<b>26.435</b>	<b>111.234</b>

16  
17 The trends in RE Growth Prices (PBI's) compared to Net Metering Credit Rates over these  
18 same four years are shown in the figure below:

1 **Division Figure 1 – Comparison of RE Growth PBI and Net Metering Credit Rate<sup>1</sup>**



2

3 As shown above, the level of compensation offered in recent RE Growth program years is

4 significantly higher than recent net metering credit rates. For net metering, this value does

5 not include the additional value of the renewable energy credits (RECs). If customers are

6 deciding between Net Metering and RE Growth based on pricing alone, the conclusion

7 from this data is that customers either place a high value on the RECs or assume that future

8 net metering credit rates will increase substantially, or some combination of these two

9 factors. Furthermore, a complete analysis of price-based factors would need to reflect the

10 fact that the RE Growth tariffs provide for potential additional compensation in the form

11 of Bill Credits if future retail rates increase such that the Renewable Net Metering Credit

<sup>1</sup> Note, the Division is comparing Small Solar I to the A-16 rate on the premise that most Small Solar projects < 15 kW are installed on residential properties. Likewise the comparison of Small Solar II to the C-06 rate reflects the assumption that most of the Small Solar II projects (15 to 25 kW) would be installed on small commercial properties.

1 Rate exceeds the fixed PBI<sup>2</sup>. This effectively means RE Growth customers have some  
2 potential to earn more than the fixed PBI rate if retail rates increase substantially. These  
3 trends suggest that increasing the PBI rate substantially in the 2024 Program Year to a level  
4 that significantly exceeds net metering credit rates did not incentivize customers to pursue  
5 Small Scale RE Growth enrollment.

6 **Q. DID THE FINAL PRICING RECOMMENDED BY OER/ DG BOARD DIFFER**  
7 **FROM THE VALUES PRESENTED TO STAKEHOLDERS?**

8 A. Yes, in the October 16, 2024 stakeholder meeting ceiling prices were presented for Small  
9 Solar I and II. Subsequently, the prices recommended to and approved by the DG Board  
10 increased by ~ 2 to 3% based primarily on changes made to the financing costs assumed.  
11 This was driven primarily by changes in the assumptions for the financing costs (debt) for  
12 these classes based on data from a single lender that is an active participant in financing  
13 small scale solar projects in New England.

14 **Q. WHAT IS THE DIVISIONS RECOMMENDATION FOR SMALL SOLAR PRICES**  
15 **FOR 2025?**

16 A. The Division recommends that the Commission approve a price level equal to the pricing  
17 proposed in the stakeholder meeting on October 16, 2024 – 33.85 cents/ kWh for Small

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<sup>2</sup> From Section 6c of the residential RE Growth tariff:

The Performance-Based Incentive Payment is calculated based on the full monthly output generation (kWh) multiplied by the standard PBI rate. A portion is applied to the bill as a Bill Credit, and the difference between the PBI and the Bill Credit, if any, will be paid in the form a check (or by other agreed-upon means) to the recipient as identified on the Application. The Bill Credit Recipient(s) will be responsible for paying any balance due on their individual electric bills in accordance with the Terms and Conditions for Distribution Service.

If the sum of the Bill Credits in a given month exceeds the Performance-Based Incentive Payment, each Bill Credit Recipient shall receive the full amount of the Bill Credit, which will not exceed the total of the per kWh delivery service charges and applicable Last Resort Service charge, excluding the customer charge and any applicable taxes. There will be no additional amounts related to the calculation of the Performance-Based Incentive Payment charged or credited to the Bill Credit Recipient(s) or the recipient identified on the Application.

1 Solar I and 32.35 cents/ kWh for Small Solar II. The prices approved by the DG Board  
2 and recommended in the DG Board/ OER testimony are 2 to 3% higher than the values  
3 presented to stakeholders in October, based primarily on updated financing costs. Given  
4 the lack of a fulsome stakeholder process related to the recent data SEA was able to procure  
5 from UMASS Five, coupled with the facts presented above regarding enrollment trends,  
6 the Division does not support the higher proposed prices in RE Growth for Small Solar.

7 **Q. DOES THE DIVISION HAVE FURTHER RECOMMENDATIONS FOR THE**  
8 **SMALL SOLAR CLASSES IN RE GROWTH?**

9 A. Yes, the Division recommends that both RIE and OER conduct research into the factors  
10 that drive more customers to choose net metering over RE Growth including a better  
11 understanding of how the RECs are typically used (e.g. monetized or retained by the  
12 customer), what a typical contract looks like between a developer and a customer and how  
13 these programs are marketed to customers. This should help in understanding the key  
14 drivers for customer preferences for these programs and help in recommendations for  
15 future years both in terms of pricing and program rules and design.

1 **V. ADDERS FOR PREFERRED SITES**  
2 **THE DIVISION IS RESERVING FINAL OPINION ON THE PROPOSED ADDER**  
3 **PROGRAM PENDING REVIEW OF ALL DISCOVERY RELATED TO THE**  
4 **PROPOSED ADDERS**

1 **VI. PROPOSED MW ALLOCATION**

2 **Q. DID YOU REVIEW THE PROPOSED ALLOCATIONS OF MWs TO THE**  
3 **RENEWABLE ENERGY CLASSES?**

4 A. Yes.

5 **Q. WHAT FACTORS DROVE THE RECOMMENDED ALLOCATION PLANS?**

6 A. As described in the testimony of the DG Board and OER, the allocation plans were  
7 informed by the potential number of projects and total capacity in MW that could  
8 participate in the 2025 plan year enrollments. The analysis took into account data from the  
9 interconnection queue and involved interaction with Rhode Island Energy regarding the  
10 ongoing Affected System Operator Studies, notably ASO#3. The goal was to assess the  
11 potential competitive landscape for projects that may bid into the RE Growth program,  
12 including consideration for the alternatives for projects to participate in net metering.  
13 Finally, the allocation plan considered the legislation which establishes minimum  
14 allocations to the smaller (<1MW) classes as well as overall maximum annual allocation  
15 amounts.

16 **Q. WHAT IS THE PURPOSE OF THE RECOMMENDATION OF A PLAN A AND**  
17 **PLAN B ALLOCATION?**

18 A. Based on the analysis of the potential number of projects and MW's that could be eligible  
19 to participate in the Large Scale I, II and III classes, it is clear that the results of the ASO#3  
20 study will have a significant impact on the potential number of projects and MW's  
21 available to these classes. Based on this, the DG Board and OER have recommended two  
22 plans, Plan A which will be effective only in the case that RI Energy can finalize ASO#3  
23 results, including any required re-studies, by forty-five (45) days prior to the anticipated  
24 opening of the Third Open Enrollment window for the 2025 Program Year, and Plan B

1 which will be effective if the ASO #3 Study is not completed in this time frame.  
2 Furthermore, the DG Board and OER recommend that the Large scale classes only be  
3 offered in the third and final open enrollment.

4 **Q. DOES THE DIVISION SUPPORT THE RECOMMENDATIONS FOR TWO**  
5 **SEPARATE ENROLLMENT PLANS?**

6 A. Yes, based on the analysis described in the testimony of the DG Board/ OER and further  
7 supported by the testimony of Rhode Island Energy, the Division supports this  
8 recommendation.

9 **Q. DOES THE DIVISION SUPPORT THE RECOMMENDED ALLOCATIONS TO**  
10 **THE SMALLER CLASSES (<1 MW)?**

11 A. The Division has reviewed the proposed allocations to Small Scale I and II, Medium Scale  
12 and Commercial Scale I and II classes. The Division has also reviewed the testimony of  
13 Rhode Island Energy and their position on the allocation of MW's to this class. The  
14 Division supports the recommendations of RIE as shown in Table 1 of the testimony of  
15 Witness Gauntner<sup>3</sup>.

16 **Q. WHAT WERE THE PRIMARY REASONS FOR RHODE ISLAND ENERGY'S**  
17 **RECOMMENDATIONS TO REDUCE THE PROPOSED ALLOCATION TO**  
18 **SMALLER (<1 MW) CLASSES?**

19 A. Rhode Island Energy performed a detailed analysis of historical enrollments in the RE  
20 Growth program since inception including breakdowns by class and comparisons to net  
21 metering enrollments. In addition, RIE prepared a detailed analysis of the potential total  
22 costs to customers based on the allocation plan proposed by the DG Board/ OER as well

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<sup>3</sup> Page 15 of 18 of Direct Pre-Filed Testimony and Schedules of: Kimberly Gauntner and Mark Garland

1 as the revised allocation plan proposed by RIE. Based on this analysis, RIE concluded that  
2 for the smaller classes (<1 MW), the evidence supports a lower allocation of MWs to these  
3 classes. Because the statute requires a minimum allocation of 30 MW to these classes, RIE  
4 proposed an allocation plan for 2025 equal to this level. This allocation plan would be the  
5 same in both Plan A and Plan B.

6 **Q. DID THE DIVISION COME TO A SIMILAR CONCLUSION REGARDING**  
7 **ALLOCATIONS TO SMALLER (<1 MW) CLASSES IN DOCKET 23-44-REG?**

8 A. Yes, in Docket 23-44-REG, which established ceiling prices and allocations for program  
9 year 2024, the Division recommended limiting allocations to the smaller classes to the  
10 statutory minimum requirement of 30 MW. This was based on concerns about historic  
11 levels of participation in the program for these classes, and the fact that the overall costs to  
12 customers is highest for these classes as evidenced by the benefit costs analyses performed  
13 by SEA. This conclusion is further supported by the benefit cost analysis performed by  
14 SEA in this in this docket and by the analysis performed by RIE on total costs to customers.

15 **Q. CAN YOU SUMMARIZE THE DIVISIONS RECOMMENDATIONS FOR THE**  
16 **MW ALLOCATION PLAN?**

17 A. The Division supports the recommendation to approve two proposed allocations – Plan A  
18 and Plan B. The Division further supports the recommendation to reserve all Large class  
19 enrollments to the third open enrollment period and to base the final allocation plan on the  
20 timing of the ASO#3 study as proposed. The Division recommends approval of the  
21 reduced allocation to the Smaller (<1 MW) classes as proposed by Rhode Island Energy.

1 **VII. CONCLUSION**

2 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

3 **A. Yes.**