

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

**IN RE: 2025 RENEWABLE ENERGY GROWTH – :
CLASSES, CEILING PRICES, AND CAPACITY :
TARGETS AND 2025 RENEWABLE ENERGY : DOCKET NO. 24-50-REG
GROWTH PROGRAM – TARIFFS AND SOLICITATION :
AND ENROLLMENT PROCESS RULES :**

**OFFICE OF ENERGY RESOURCES AND/OR DISTRIBUTED GENERATION
BOARD’S RESPONSES TO PUBLIC UTILITIES COMMISSION’S FIRST SET OF
DATA REQUESTS**

**(Issued January 3, 2025)
(Responses due January 17, 2025)**

1-1. Please confirm that the reference to HB 7015 and SB 2120 refer to bills passed in the 2024 legislative session and not 2023 (codified at R.I. Gen. Laws § 5-6-2).

The PUC is correct that they were passed during the 2024 legislative session, our initial response contained a typo.

1-2. Which state databases did SEA rely upon to derive the \$30/kW incremental amount to reflect the incremental cost of new labor law requirements?

SEA’s estimate relating to the incremental cost of new labor law requirements was not derived through state databases. SEA’s estimate was informed by data obtained from market participants and analysis utilizing research conducted by specialists at the National Renewable Energy Laboratory (NREL). The approach SEA took to derive the \$30/kW_{DC} incremental value (and related citations) is described on p. 19-20 of SEA’s amended Direct Testimony.

1-3. Referencing SEA’s dismissal of RI Energy’s recommendation that Small Solar I and II expected labor costs be based on the lowest quartile or average of the lowest and median costs, instead of the median costs as proposed by SEA, please,

a. Indicate whether RI Energy’s proposal to use the average of the lowest and median is “out of step with market realities;” and if so, please provide evidence SEA relied on; and

As shown on p. 23 of SEA Schedule 5, RI Energy’s comments regarding cost quartiles are applicable to SEA’s calculated installed cost inputs derived through state databases, rather than applying to SEA’s calculated incremental costs of new labor law requirements.

Given this, SEA's response intended to convey the general concern that, for any material input, it would be “out of step with broader [Small Solar] market realities” to recommend the adoption of lowest quartile cost assumptions, when uptake in that renewable energy class has been historically sluggish over the past two program years.

For example, the 2023 program year, only 0.68 MW_{DC} of the total 9 MW_{DC} Small Solar allocation was installed. As of last updated on December 4, 2024 (the last update posted by Rhode Island Energy prior to the drafting of this data request response), Rhode Island Energy’s program site shows that only slightly more than 2 MW_{DC} of the 9 MW_{DC} PUC-approved allocation for the 2024 program year has been installed. Prior to these two years, it was common for Small Solar capacity allocations to be oversubscribed relatively early in the program year, often sparking discussions between the company, the Board and OER regarding reallocating unused capacity from other renewable energy classes to Small Solar. SEA believes that the comparison to these years of high uptake and requests for reallocation is an effective illustration of what drives its concern about lowering the installed cost basis any further.

- b. Explain how “lingering concerns regarding durable cost increases experienced by the solar industry following the COVID-19 pandemic” affect the labor cost estimates, providing the evidence SEA relied on.

Based on RI Energy’s comments on p. 23 of SEA Schedule 5 (and per the response to PUC 1-3 above), the excerpt quoted was not intended to apply to labor costs specifically. This statement was intended to convey more general concern regarding adoption of more aggressive installed cost input assumptions during a period in which sustained high underlying project costs following COVID and related economic disruptions increases the risk that REG incentives end up being insufficient for projects to be economical.

- 1-4. In 2022, the Labor Standards in Renewable Energy Projects (R.I. Gen. Laws § 39-26.9-1 to 10) was passed with an amendment lowering the project size applicability in 2023. Please provide data SEA relied upon to assess the impact of those requirements for inputs into the CREST model.

SEA’s practice regarding incremental cost values in excess of those derived from state databases is only to add such values if SEA does not have confidence that the underlying state databases account for the value due to recent policy changes. SEA summarizes the approaches taken for the 2023 and 2024 program years below.

For the 2023 prices, there were no specific added impacts for projects greater than 1 MW associated with the RI Labor Standards in Renewable Energy Projects amendments , since the same prevailing wage standards were required for receiving tax credits under [P.L. 117-169 – Inflation Reduction Act of 2022](#). SEA applied incremental costs of \$57.50/kW for solar projects and \$130/kW for wind projects to

account for prevailing wage requirements. SEA's approach was described on p. 24-25 of the Direct Testimony of Jim Kennerly and Tobin Armstrong attached to the *Report and Recommendations* filed in Docket 22-39-REG.

The approach utilized in the 2024 approved prices consisted of gradual adjustments to the approach utilized for the 2023 program year, and is described on p. 37-38 of the Direct Testimony of Jim Kennerly and Tobin Armstrong attached to the *Report and Recommendations* filed in Docket 23-44-REG.

Is the \$30/MW an incremental adder on top of any assumptions associated with the 2022 and 2023 law or does it account for both the Title 39 law and the Title 5 law (§ 5-6-2)?

The incremental costs associated with the 2022 and 2023 law derived during the 2023 and 2024 program year ceiling price development processes were not applicable to small solar projects. Given this, for the 2025 prices, the only added costs applied to capital cost values derived from state databases was the incremental \$30/kW_{DC}, as described on p. 19-20 of SEA's amended Direct Testimony.

- 1-5. Did SEA consider whether any of the larger developers may already have electricians who can meet the requirements of the 2024 amendments to R.I. Gen. Laws § 5-6-2?

Based on market participant discussions, SEA determined that, even though some developers may already have electricians who can meet the requirements of the 2024 amendments to R.I. Gen. Laws § 5-6-2, a greater share of labor hours would need to be allocated from general laborers to qualifying electricians resulting in increased incremental costs.

- 1-6. On pdf page 20 of revised filing, lines 23-26 state, "With respect to the recommendation that SEA adjust its average cost calculations to account for data sources with limited sample size, SEA combined two Rhode Island-specific datapoints for the purpose of calculating the region-wide average installed cost figure adopted in modeling." Did SEA consider and incorporate or did it reject Energy-Sage – RI Accepted installed costs in its analysis (October 16, 2024 presentation at 33, and 34)?

SEA incorporated the "EnergySage Accepted Averages" datapoint into its analysis, which included the "Energy-Sage – RI Accepted" data.

- 1-7. Did SEA average the median installed costs of the 2024 RI Small REF and 2024 RI Small REG projects and then average that number with medians from other states or something else? If something else, please go through all the steps indicating when median data and average data are used.

The former is correct. SEA averaged the median installed costs of the 2024 RI Small REF and 2024 RI Small REG projects and then averaged that number with medians from other states.

- 1-8. The Renewable Energy Growth Program law does not include a sizing restriction based on consumption in the same way the Net Metering law does. In other words, there is no limitation to sizing based on 3-year consumption requirement except in CRDG (R.I. Gen. Laws § 39-26.6-3(5)). Instead, the project sizing limitation based on consumption is in the Residential Tariff. This has been a requirement since the first Renewable Energy Growth Program year. See Docket No. 4536-A Company Executive Summary; National Grid's Response to COMM-1-14. In that, the Company referenced R.I. Gen. Laws § 39-26.6-21 as its basis for requiring Residential Customers to comply with the Net Metering sizing requirement. For purposes of this response, assume the Commission finds that § 39-26.6-21 does not require Renewable Energy Growth Program participants to participate in net metering agreements.
- a. Does OER object to lifting the consumption-based size limit for Small Solar I and II within the Renewable Energy Growth Program? Why or why not?

OER would recommend maintaining the REG program's project sizing limitation parameters that been applied to the Small Solar I and II program categories over the last several years. The 2025 REG plan was developed with the current size limits in place and the significance of the impact from this change has not been considered, including potential impacts on ratepayers.

- 1-9. What is the evidentiary basis for increasing Medium Solar by 2 MW, Commercial Solar I by 2 MW, and Commercial Solar II by 1 MW compared to the approved 2024 allocation?

As described on p. 12 of SEA Schedule 3, OER, in consultation with SEA, recommended (and the Board approved) a MW Allocation Plan with larger allocations for projects less than or equal to 1 MW_{DC} because it determined that such an allocation would result in more rapid deployment of REG projects. This is because REG-eligible projects less than or equal to 1 MW_{DC} tend to emerge from the interconnection process much more quickly than those larger than 1 MW_{DC}. Specifically, projects larger than 1 MW_{DC} are more likely to be subject to Affected System Operator (ASO) studies, which, in the case of RI Energy's ASO#3 study, can take over three years to complete, with the potential for additional holding time if system modifications requiring construction are identified. In comparison, projects less than or equal to 1 MW_{DC} tend to complete the interconnection process in under two years and often complete the interconnection process in under one year in the case of smaller projects co-located with load. In addition, projects less than or equal to 1 MW_{DC} are far less likely to face challenges due to siting under the 2023 solar siting law, which bans development on the core forested lands that comprise a very large proportion of the undeveloped land in the state.

- 1-10. Why did OER recommend rejection of RI Energy's recommendation to reduce the allocation for projects less than 1 MW to the statutory 30 MW?

See answer to PUC 1-9, and also reference p. 12 of SEA Schedule 3.

- 1-11. Did the DG Board or OER publish the revised approved 2024 MW Allocation Plan showing removal of the 50 MW of Large Solar II and Large Solar III when the ASO-3 Study was delayed? If not, please provide an updated Table 7 to include a column between the 2024 PUC Approved MW Allocation Plan and “Plan A” MWDC (2025 PY) to show the final 2024 allocation plan.

The information requested is shown in the table on p. 13 of SEA Schedule 3 under the column header “2024 MW Allocation (RIE Revised)”. This presentation was publicly available at the DG Board’s November 4th meeting.

- 1-12. Assuming a full subscription of the adder at the proposed project size, what is the annual and total cost in dollars of the pilot?

As shown in SEA Table 15 of SEA’s amended Direct Testimony, the incremental REG tariff cost associated with a fully subscribed and operational set of pilot projects has a net present value of \$3,660,178. This equates to an average annual cost of \$183,008.90 over the tariff term, in net present value terms.

- 1-13. In the testimony, there is a bullet point list, one of which describes the DEM Brownfield Remediation and Economic Development Fund. On lines 12-13, it states, Fund applications are scored by the DEM Review Committee based upon several criteria....”
- a. Does the DEM program have an end date or is it continuous, i.e., will it continue through 2026?

SEA consulted with DEM regarding the following responses to 1-13. These responses represent DEM’s characterization of the DEM Brownfield Remediation and Economic Development Fund.

DEM generally holds an annual competitive grant round of the Brownfield Remediation and Economic Development Fund grant program (“Brownfield Bond Grant Program”) if funding is available. Thus far, the Brownfield Bond Grant Program has been funded by Bonds voted on in the State’s General Elections (2014, 2016, 2018, 2022, 2024). The 2020 general election did not include a bond that would have been committed to the Brownfield Bond Grant Program and, as such, there was not sufficient funding to hold grant rounds in 2021 and 2022. The 2022 election included \$5 million for the Brownfield Bond Grant Program, allowing the program to continue. It is expected that funding will be available for a grant round in 2026.

- b. Are the criteria listed in the testimony all of the criteria considered by DEM (lines 13-14)?

Economic benefit, environmental benefit, community benefit, and readiness/ability to complete the project in a timely manner are the criteria considered. See 2.11.1 A(3) of [250-RICR-140-30-2](#), the Rules and Regulations for the Brownfields Remediation and Economic Development Fund.

- c. Line 15 states that “it was DEM’s assessment that typical ground-mounted solar projects cited [sic] on brownfields would not score competitively in certain categories.” Are the categories referring to the criteria listed above or something else?

Yes, the categories are within those listed in the previous question.

- d. Does each category receive a separate score?

Yes.

- e. Are scores reported to applicants?

Generally, no. However, DEM indicated to SEA that, if requested, it will provide feedback on an application.

- f. Is there a minimum threshold to be considered for an award?

No.

- g. What are typical winning scores?

It depends on the year. All scoring categories and their respective weight in the overall score are made available in the Request for Projects (RFP) that accompanies the announcement of the year’s grant round. Projects that have and can articulate the most significant economic and benefits to the community – especially in measurable terms – tend to be more successful than those that do not.

- h. Who is on the review committee?

The review committee is comprised of three (3) members of DEM and a minimum of one (1) member selected by the Director from outside of the Department.