

**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 (OER) AND/OR DISTRIBUTED GENERATION  
BOARD (DG BOARD) RESPONSE TO PUBLIC UTILITY COMMISSION’S SECOND  
SET OF DATA REQUESTS  
Issued January 10, 2025  
Due January 24, 2025**

2-1. Please provide the response to PUC 1-12 in real and nominal dollars.

**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 (NPV) of \$3,660,178. This equates to an average annual cost of \$183,008.90 over the tariff term, in net present value terms. Consistent with SEA’s benefit-cost analysis presented in Docket 23-44-REG, these values assume a 3% discount rate and a 2023 base year.**

**On a nominal non-NPV basis, the incremental REG tariff cost associated with a fully subscribed and operational set of pilot projects has a total cost of \$5,846,589. This equates to an average annual cost of \$292,329 over the tariff term.**

**In 2024 constant dollar terms, assuming a 2% inflation rate, this equates to a total cost of \$4,406,362 and an average annual cost of \$220,318 over the tariff term.**

2-2. Please provide full detail to support the resulting 1.3 cent/kWh and 1.6 cent/kWh adder values.

**Please see attached “RI\_REG\_2025\_CREST\_Large Solar I Brownfield.xlsx” and “RI\_REG\_2025\_CREST\_Large Solar II Brownfield.xlsx” for copies of the public CREST model populated with inputs applicable to the Large Solar I and Large Solar II brownfield cases. These cases result in a total revenue requirement of 19.35 cent/kWh and 19.05 cent/kWh, respectively. To derive the 1.3 cent/kWh and 1.6 cent/kWh adder values, SEA subtracted the 2025 non-adder ceiling prices for each renewable energy class (18.05 cent/kWh for Large Solar I and 17.45 cent/kWh for Large Solar II) from the total adder-eligible revenue requirements calculated above to derive the incremental revenue requirement associated with development on a brownfield requiring remediation.**

- 2-3. Please explain how the proposed adder was able to be reduced from 3.6 cents/kWh and 2.9 cents/kWh that was proposed in the 2024 Program Year Filing (Dkt. 23-44-REG).

**As discussed on p. 30-31 of SEA's amended Direct Testimony, SEA determined that it was appropriate to apply a 10% ITC bonus to the calculation of cost-based adder values such that the incentive-payment adder pilot would contain incentive levels appropriate for ITC bonus-eligible projects. Such ITC bonus was not applied in the adder values proposed during the Docket 23-44-REG.**

- 2-4. Is there any set of data post construction that a developer could provide to substantiate the incremental costs of developing on a remediated brownfield site?

**Yes. It is SEA's understanding that certain costs relating to the incremental cost of development on a remediated brownfield would be reportable. As discussed on p. 35 of SEA's amended Direct Testimony, OER proposes that the incentive-payment adder pilot include requirements that RI Energy collect (from all adder-eligible program applicants) data on expected upfront costs, including the separate reporting of remediation costs, and certain operational costs, including land lease expenses.**

- 2-5. Does SEA have data (not anecdotal) to support the cost of land leases on greenfields, superfund, and brownfield sites? If yes, please provide.

**To inform estimates regarding the land lease costs for development on brownfields, the consulting team surveyed six developers active in the development of such projects in the New England region during the 2024-2026 program year's ceiling price development process considered in Docket 23-44-REG. Out of the six responses, five developers indicated that the land lease costs for brownfields were equivalent to costs for greenfields, whereas one developer indicated that the land lease costs for brownfields were typically higher than costs for greenfields. SEA did not receive documented land lease contracts applicable to development on brownfields from such developers. However, SEA views the totality of evidence collected as constituting more than an anecdotal finding.**

**To inform estimates regarding the land lease costs for development on greenfields, the consulting team routinely collects feedback from market participants regarding adjustments to inputs through the normal data request and survey process. Most recently, SEA increased the assumed land lease costs for greenfield projects during the 2023 program year's ceiling price development process considered in Docket-22-39-REG, in response to feedback from three developers who provided documented land lease quotes (see Slide 20 of SEA Schedule 2, filed in Docket-22-39-REG). SEA is unable to provide this data given that it was provided to SEA on a confidential basis.**

- 2-6. On pdf page 36, lines 12-20, that it assumes land lease costs for solar on brownfields are identical to land lease costs on greenfields and rejects the DPUC's assertion that such costs

should be lower. Reconcile SEA's position with the explanation provided on pdf pages 57-58, that there is a property value benefit to brownfield remediation.

**As an initial matter, SEA does not see an inherent conflict between development activity improving property value and such development not receiving cheaper land lease offerings given that rent seeking landowners are expected to charge lease rates as high as they believe the market will bear.**

**Next, SEA would like to clarify that the property value benefit to brownfield remediation quantified in SEA's benefit cost analysis is calculated based on the impact of remediation on neighboring properties, rather than the property in which the development is occurring. This is because the study utilized (Haninger et al. 2017) is attempting to utilize changes in property values from surrounding residents as a proxy for the resident's willingness to pay for the benefits associated with remediation that are difficult to quantify.**