

**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?**

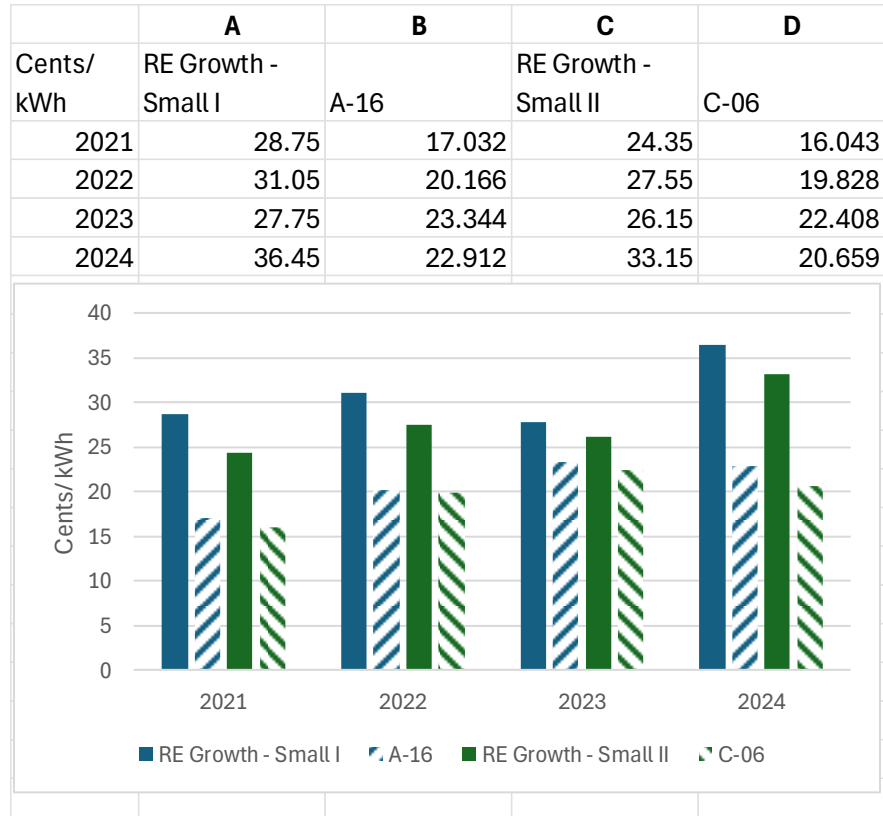
10 A. Rhode Island Energy provided responses to Division 1-1 summarizing both the level of
11 enrollment in MW's as well as the level of pricing/ rate of compensation for both RE
12 Growth and Net Metering. As shown below, over the past four years, small solar customers
13 favor net metering over RE 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)*

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

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 Rate¹**



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

¹ 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 PBI². 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

² 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 customer),
12 what a typical contract looks like between a developer and a customer and how these programs
13 are marketed to customers. This should help in understanding the key drivers for customer
14 preferences for these programs and help in recommendations for future years both in terms of
15 pricing and program rules and design.

1 **V. ADDERS FOR PREFERRED SITES**

2 **Q. WHAT IS THE PURPOSE OF INCENTIVE ADDERS FOR PREFERRED SITES?**

3 A. Consistent with R.I. Gen Laws § 39-26.6-22 these adders are intended to encourage siting
4 of projects on sites that provide “identifiable system benefit, reliability benefit, or cost
5 savings to the distribution system in that geographical area, or conservation benefit, or
6 climate resilience benefit in that geographical area...”. The incentive structure is intended
7 to compensate project developers for the additional costs associated with siting projects in
8 such areas with the premise being that, absent such adders, these sites would not be cost
9 effective to build on and would therefore not be competitive with other projects that are
10 located on sites that are more cost effective, but that may not provide the benefits identified
11 in the statute.

12 **Q. WERE PREFERRED SITING ADDERS PROPOSED IN PREVIOUS RE**
13 **GROWTH DOCKETS?**

14 A. Yes, in Docket 23-44-REG, incentive adders were proposed by the DG Board / OER for
15 projects sited on landfills and brownfields. The Commission rejected these proposed
16 adders. In the final Decision in this docket, the Commission included the following
17 directive:

18 *Parties may file a new pilot proposal at least 105 days prior to the proposed*
19 *commencement of the pilot. The purpose of the pilot should be to align improved*
20 *siting in the Renewable Energy Growth program with other programs and*
21 *ratepayers’ interests. At a minimum, the proposal shall consider the design of the*
22 *incentive, the level of compensation, total program size, and alignment with other*
23 *sources of funding for similar policy outcomes including, but not limited to*
24 *[emphasis and underline added] the Renewable Energy Fund’s Brownfield*

1 *incentive, Rhode Island Infrastructure Bank Brownfields Revolving Loan Fund,*
2 *and DEM's Brownfield Site Preparation and Remediation Grant.*

3 **Q. WHAT DOES THE DIVISION BELIEVE THE OBJECTIVES OF THE PILOT**
4 **PROGRAM SHOULD BE?**

5 A. The pilot program should strive to accomplish the following key objectives:

- 6 1) Determine the potential level of interest in and viability of pursuing larger scale solar
7 projects located on brownfields or other environmentally challenged sites.
- 8 2) Gather data on incremental costs associated with development of renewable energy
9 projects on brownfields, both initial capital costs and ongoing operating costs.
- 10 3) Gather data on the potential for reduced kWh production on sites located on
11 brownfields when compared to sites located on greenfield sites.
- 12 4) Gain insights into program administration challenges and any other programmatic
13 design matters that can be incorporated into a more permanent program of incentive
14 adders.
- 15 5) Assess the potential benefits created by renewable projects located on brownfields
16 based on the unique characteristics of each project that participates in the pilot program.
- 17 6) Develop a basis for a more permanent program for adders, if appropriate based on the
18 results of the pilot program.

19 **Q. CAN YOU SUMMARIZE THE INCENTIVE ADDERS BEING PROPOSED IN**
20 **THIS DOCKET?**

21 A. The DG Board and OER are proposing a limited pilot program that would run for a two-
22 year period. This program would provide incentive adders to projects sited on brownfield

1 sites that require remediation (but have not yet been remediated)³. The proposed adder is
2 1.6 cents / kWh and would be available to projects in the Large Solar I (1 MW to <5 MW)
3 and Large Solar II (5 MW to <10 MW). A total of 10 MW of capacity would be allocated
4 to each class (20 MW total). These allocations are not additional to the overall capacity
5 allocated to these classes, but rather an allocation of capacity eligible for the proposed
6 adder (in other words, projects would still bid into the Large Solar I and II enrollments and
7 compete for the total capacity allocated and available in open enrollment periods).

8 **Q. HOW WERE THE ADDERS CALCULATED?**

9 **A.** The analysis was limited to Large Scale Solar I and II. SEA gathered information on the
10 incremental costs associated with development on both Landfills and Brownfields. This
11 included both incremental costs to construct as well as incremental ongoing operating
12 costs. Additionally, SEA adjusted the expected performance of the project in terms of the
13 kWh output, based on assumptions regarding likely less than optimal configuration on
14 these sites driven by factors such as terrain, limitations on grading, etc. Finally, the CREST
15 model was used to calculate the ceiling price for each class of solar on both Landfills and
16 Brownfields. The calculated value of the ceiling price for standard (non-Landfill/
17 Brownfield) projects in the same class was then subtracted from the higher ceiling price
18 for the Landfill/ Brownfield projects to arrive at the adder value. This adder is effectively
19 the amount required to achieve the same financial return on a Landfill or Brownfield site
20 as you would on a traditional site. SEA performed this analysis for both Landfills and
21 Brownfields, however the final recommendation was a pilot program for Brownfields only.
22 The proposed adders are intended to cover the incremental costs associated with the

³ Note, referencing the DG Board & OER testimony, page 26 lines 20 through 23 a landfill or superfund site that also qualifies as a “brownfield” would also be eligible for this incentive adder. As noted below, DEM will be assigned the role of making this determination.

1 construction and operation of the solar (or other DG) project only. Importantly, the
2 calculation in support of the adders assumed that these projects will qualify for bonus
3 federal Investment Tax Credits, thus aligning the program with this key source of value
4 and reducing the calculated adder required considerably. These adders are not intended to
5 cover any costs associated with the actual remediation of the brownfield. Those
6 remediation costs would be separately funded and could take advantage of programs such
7 as the DEM Brownfield Remediation and Economic Development Fund which provides
8 funding for remediation efforts, but not for subsequent construction / development activity
9 on a brownfield.

10 **Q. HOW DOES THE PROPOSED PROGRAM COMPARE WITH THE REF**
11 **BROWNFIELDS SOLAR PV PROGRAM?**

12 A. The REF Brownfields PV Program provides upfront funding in the form of a grant to solar
13 PV projects. The funding is intended to cover a portion of the costs of the PV construction
14 and cannot be used to pay for remediation costs. The grants are awarded at \$1.00 / W for
15 direct customer owned projects and \$0.80 / W for third party owned systems. Additionally,
16 the program caps the total award at \$250,000 for direct owned and \$175,000 for third party
17 owned. As a result of these hard dollar caps, the funding on a per Watt basis is reduced as
18 the projects increase in size. For example, for direct owned projects once the size exceeds
19 250 kW, the per W grant is lower than the \$1.00 / W available for projects less than 250
20 KW (e.g. a 500 kW project receiving the capped award of \$250,00 would only receive
21 \$0.50/ W). The same is true for third party owned systems that exceed ~218kW (above
22 which the per Watt incentive is lower than the \$0.80 / W level available to smaller projects).
23 The proposed adders in this pilot are similar to the Brownfields Solar PV program in that
24 they are intended to cover costs associated with the solar PV construction (and not

1 remediation). They differ in that the payments are made on a cents per kWh basis over the
2 20 year tariff term versus an upfront incentive. Additionally, the proposed pilot program
3 is targeted to larger projects (> 1 MW) while the REF Brownfields Solar PV program is
4 targeted at smaller projects. Using the proposed 1.6 cents/ kWh adder and the estimated
5 kWh production levels provided in the SEA's CREST models⁴, the Division estimates that
6 the present value of the proposed payments, converted to a per Watt basis is equal to
7 ~\$0.20/ W⁵. This figure is a good comparison to the upfront incentives of \$0.80/W to
8 \$1.00/W offered in the REF program. Because these larger projects offer economies of
9 scale over smaller projects, it is reasonable to expect that the incentives required for larger
10 projects will be smaller than those for smaller projects.

11 **Q. CONSIDERING THE COSTS CAPS IN THE REF PROGRAM, HOW WOULD**
12 **SUCH A PROGRAM APPLY TO LARGER SCALE PROJECTS?**

13 A. With the cost caps of \$250,000 and \$175,000 in the REF Program, a 1 MW project (the
14 smallest size considered for the pilot) would receive an incentive that is between \$0.175/W
15 and \$0.250/W depending on ownership. Doubling the size to 2 MW, would reduce the per
16 Watt incentive by 50% to \$0.0875/W to \$0.125/W. A 10 MW project (the largest size
17 considered for the pilot) would receive an incentive of \$0.0175 to 0.025/W. Based on
18 SEA's analysis of the required incentives for brownfield PV, it appears that the REF
19 incentives, capped at the levels above, would be workable for projects in the 1 to 2 MW
20 range, but would be highly unlikely to be sufficient for projects in the upper bounds of the
21 1 to 10 MW range being proposed for the pilot.

⁴ See response to PUC DR 2-2

⁵ The Division discounted these using an estimate of the cost of capital based on SEAs inputs to the CREST model for Large Solar I and II projects. The discount rate used was 7.77%

1 **Q. HOW WOULD PROGRAMS SUCH AS THE RHODE ISLAND**
2 **INFRASTRUCTURE BANK BROWNFIELDS REVOLVING LOAN FUND, AND**
3 **DEM'S BROWNFIELD SITE PREPARATION AND REMEDIATION GRANT**
4 **INTERACT WITH THIS PILOT PROGRAM?**

5 A. These programs are specifically designed to provide funding support for remediation
6 efforts as opposed to supporting the construction of the solar PV project. The Division sees
7 these programs as complimentary to the pilot adders and a likely necessity to enable the
8 projects to move forward. Given that eligibility to participate in the pilot adder program
9 will require a site remediation plan, these funding sources coupled with any other sources
10 of funding may prove crucial to the development and execution of the site remediation
11 plan. It is the Division's understanding that DEM will be reviewing projects for eligibility
12 and expects that DEMs review will pay particular attention to the remediation plans
13 including the sources of funding to complete the remediation.

14 **Q. DO THE PROPOSED ADDERS FOR THE PILOT PROGRAM RESULT IN A**
15 **POSITIVE BENEFIT TO COST OUTCOME FOR RATEPAYERS?**

16 A. SEA presented the results of a benefit cost analysis (BCA) which showed a positive result
17 in that the present value of the incremental benefits associated with these projects
18 outweighed the present value of the incremental costs. The incremental benefits for the
19 brownfield adder BCA were in two categories: 1) non-carbon value of eco-system services
20 and 2) the increase in property values attributable to brownfield remediation. The BCA
21 assumes that the development of the solar project drives the remediation. In other words
22 remediation occurs because of the solar project. While the Division agrees brownfield
23 remediation is likely to result in an increase in property values in the area surrounding the
24 remediated property, these benefits are very difficult to accurately quantify. The analysis

1 relied on the results of a single study analyzing the positive impact on property values for
2 properties located in the vicinity of brownfield sites that are remediated. Additionally,
3 because these projects will also construct a solar generating station on the same parcel that
4 has been remediated, there is the potential for an offsetting downward effect on property
5 values that was not considered⁶.. In the BCA analysis conducted in this docket, SEA
6 accounted for this uncertainty by discounting the calculated value of this benefit (see
7 response to Division 1-5 for the calculations related to discounting this value).

8 **Q. DOES THE DIVISION BELIEVE THAT DEVELOPMENT OF DISTRIBUTED**
9 **GENERATION PROJECTS ON BROWNFIELDS OR OTHER PREFERRED**
10 **SITES HAS IDENTIFIABLE BENEFITS AS DESCRIBED IN R.I.G.L. § 39-26.6-**
11 **22?**

12 A. Yes, the proposed program has the potential to drive remediation of brownfield sites, which
13 will result in conservation benefits. Furthermore, the Division agrees that the remediation
14 of such properties has the potential to increase the value of properties in the surrounding
15 area and spark economic development. Depending on the location of these projects, the
16 projects may create other benefits to the distribution system. Benefits related to non-carbon
17 value of ecosystem services are also attributable to these projects. Applying these benefits
18 to this program relies on a connection between the project and the remediation. In other
19 words, the benefits depend on a fact pattern that supports the conclusion that the
20 remediation would not occur but for the development of the solar project. Finally, it is
21 possible that projects sited on brownfields have other favorable characteristics, such as
22 lower land costs and/ or lower interconnection costs, in which case they should be able to

⁶ As evidenced in Docket 23-44-REG and in Docket 5088 (related to proposed Carport adders), the construction of solar projects may have the effect of decreasing property values in the immediate area surrounding the project.

1 bid a lower price into the open enrollment, potentially displacing higher cost projects that
2 would otherwise be selected. This final point relies on the premise that the enrollment
3 process results in a high level of participation and competition. Such competition has not
4 been observed in the RE Growth program in recent years.

5 **Q. HOW WILL THE PILOT PROGRAM BE ADMINSTERED?**

6 A. The Division's understanding is that the Rhode Island Department of Environmental
7 Management (DEM) will be responsible for certification of projects in terms of eligibility
8 for the adder, notably certifying that the project is located on brownfield site requiring
9 remediation. Furthermore, DEM would issue compliance letters when remediation is
10 complete and all requirements have been met⁷. Presumably DEM would also be available
11 to assist RIE with any assessment of the percentage of the project MW's that are located
12 on the portion of the site requiring remediation. These adder-eligible projects would bid
13 into open enrollments in the same manner as any other Large Solar I and II projects and
14 RIE would make awards based on the capacity available and the prices bid (excluding the
15 adder value for brownfield projects).

16 **Q. SHOULD THE COMMISSION APPROVE THE PROPOSED PILOT PROGRAM**
17 **FOR INCENTIVE ADDERS FOR BROWNFIELDS?**

18 A. The Division would support approval of the pilot program as proposed with the following
19 adjustments:

- 20 • The incentive adder should be set at 1.3 cents / kWh (the value calculated as the
21 required adder for Large Solar I projects). The Division believes that it is
22 reasonable to assume that the economies of scale for Large Solar II should be

⁷ See response to Div 1-4(e)

1 sufficient to overcome the differences associated with lower tax credit values on
2 the incremental costs and applying this lower adder level will reduce the overall
3 costs of the program.

- 4 • The pilot program size should be reduced from 20 MW to 15 MW and this should
5 not be bifurcated into specific allocations to the Large I and Large II classes. In
6 other words, the full 15 MW would be available for any projects > 1 MW and less
7 than 10 MW.

8 Alternatively the Division would also support a pilot program that awards upfront
9 incentives set at a fixed dollar amount per project similar to the REF Brownfields PV
10 program. In this approach, the Division recommends a fixed budget over the two-year
11 program year as well as a fixed MW cap of 20 MW. For administrative simplicity, a single
12 award amount (as opposed to one for direct owned and another for third party owned)
13 should be established. Setting this at the midpoint of the REF program caps, or \$212,500
14 would be a reasonable incentive. As noted earlier in my testimony, this incentive will be
15 very similar to the proposed per kWh adder, on a present value basis, for projects at or near
16 1 MW in size. As a result, with this incentive structure, it is likely that the pilot program
17 will attract projects on the smaller end of the 1 MW to 10 MW range. Based on the response
18 RIE provided to PUC 1-5, establishing a budget that is in the \$2.5 million dollar range will
19 provide the ability to attract a reasonable level of projects and MW to achieve the pilot
20 program objectives.

21 **Q. WHAT OTHER STEPS MUST BE TAKEN TO ENSURE THAT THE PILOT**
22 **PROGRAM IS SUCCESSFUL?**

23 A. This pilot program needs to be more formally documented in terms of the requirements
24 and conditions as follows:

- 1 1) Eligibility rules and process for DEM certification, including any application
2 forms and documents. This should include a requirement for the project owner/
3 developer to document how and why the development of the solar project will
4 result in the site being remediated.
- 5 2) The bidding and selection process
- 6 3) Requirements for project data submittals at both the time of the open enrollment
7 bid and again at project completion for:
 - 8 a. Project development and construction costs including identification of
9 specific incremental costs associated with building the solar project on
10 the brownfield site.
 - 11 b. Project operating costs, including identification of specific incremental
12 costs associated with operating the solar project on the brownfield site.
 - 13 c. Project owner's plans (and subsequent results) to pursue third party
14 funding from local, state or federal sources (including whether the
15 bonus ITC was achieved). This should include the amounts requested
16 and subsequently received as well as the intended use of such funds.
17 This should separately identify sources of funds for remediation from
18 sources of funding specifically for the distributed generation project.
 - 19 d. Estimated impacts on kWh production from the project due to
20 constraints related to siting the project on the brownfield location.
 - 21 e. The site remediation plans and expected costs and documentation of the
22 process for certification of completion of remediation.
- 23 4) Rules related to reduction or forfeiture of the adder in the event that certain key
24 milestones/ requirements are not met or in the event that the project owner does

1 not submit the required documentation or fails to comply with other program
2 requirements.

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 Gauntner⁸.

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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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.**

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