

**STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION**

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

RE: 2026 Renewable Energy Growth
Program

Docket No. 25-52-REG

PREFILED DIRECT TESTIMONY OF

Michael W. Brennan, Consultant

On Behalf of Rhode Island Division of Public Utilities and Carriers

January 20, 2026

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

Pre- Filed Direct Testimony of

Michael W. Brennan, Consultant

**On Behalf of Rhode Island Division of Public Utilities and Carriers
Docket No. 25-52-REG**

Table of Contents

Table of Contents

I.	INTRODUCTION	2
II.	PURPOSE OF TESTIMONY.....	3
III.	TARIFF AND RULE CHANGES.....	3
IV.	2026 CEILING PRICES FOR SMALL SOLAR CLASSES	6
V.	PROPOSED MW ALLOCATION.....	8
VI.	OUTLOOK FOR FUTURE PROGRAM YEARS.....	9
VII.	CONCLUSION.....	11

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, mailing
5 address 14460 Falls of Neuse Road, Suite 149-110, Raleigh, North Carolina 27614.

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

7 A. I am testifying on behalf of the Rhode Island Division of Public Utilities and Carriers
8 (“Division”).

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

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

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

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

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

1 A. Yes, I testified in Docket 5088 in 2021, in Docket 5202 in 2022, in Docket 22-39-REG in
2 2023, Docket 23-05-EL in 2023, Docket 23-44-REG in 2024, and Docket 24-50-REG in
3 2025.

4 **II. PURPOSE OF TESTIMONY**

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

6 A. The purpose of my testimony is to provide observations and recommendations on the
7 following key elements of the proposed Program Year (“PY”) 2026 Renewable Energy
8 Growth (REG) program:

- 9 1. Tariff and Program Rule changes proposed by Rhode Island Energy.
- 10 2. The recommended PY 2026 administratively set prices for the Small Solar classes.
- 11 3. The recommended MW allocations to the RE Growth Classes for PY 2026.
- 12 4. The prospective changes anticipated for the RE growth program after the 2026
13 program year.

14
15 **III. TARIFF AND RULE CHANGES**

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

18 A. Yes, Rhode Island Energy (“RIE”) is proposing a substantive change to the program rules
19 for Small Scale Solar (I and II). This change would enable the owners of existing small
20 scale solar projects that previously enrolled in the RE Growth program and are currently
21 operating under an existing tariff to expand the size of their system.

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

1 A. As described on pages 9 and 10 of the testimony of Kimberly Gauntner, the Company
2 conducted focus groups with solar developers/ installers and surveys of residential
3 customers who have enrolled in RE Growth or Net Metering. A key finding of this research
4 was that customers valued the optionality with respect to allowing system expansion in the
5 Net Metering program. Furthermore, changes in law removed previous restrictions that
6 limited system sizes to 125% of a customer's energy consumption for small solar systems
7 (less than 25 kW). Both customers and developers indicated that the inability to expand
8 small solar projects in the RE Growth program was a factor influencing a preference for
9 net metering.

10 **Q. WHAT ARE THE BENEFITS OF THE PROPOSED CHANGE?**

11 A. The proposed changes will allow for the addition of new small solar energy production
12 from project expansions that will be compensated at a Performance Based Incentive
13 ("PBI") rate that is lower than that of a new small solar project enrolling in the same
14 program year. As described in witness Gauntner's testimony, the expansion portion of a
15 small solar project will be compensated at a rate that is 14% lower than that of a new system
16 enrolled in each program year. This lower rate will persist during the remaining life of the
17 original systems tariff. An even lower rate will then apply for the remaining years of the
18 second (expansion) project through the end of its tariff life. This will benefit customers in
19 the form of lower PBI payments and lower RE Growth factors than would result from a
20 similar quantity of Small Solar capacity from "new" projects. Furthermore, this rule
21 change will likely increase the attractiveness of the Small Solar offering in the RE Growth
22 program.

23 **Q. WHAT ARE THE POTENTIAL DRAWBACKS TO THE PROPOSED CHANGE?**

1 A. The only likely drawbacks are potential increases in costs to administer the more
2 complicated calculation of the PBI's to be paid and to manage overlapping tariff terms.
3 This may also require the Company to spend more time working with developers and
4 customers to explain the differences in the tariff for an expansion system (vs a new system)
5 and the different methodology for calculating the PBI payments over the tariff lives. In
6 response the PUC 1-11, the Company has indicated that it does not anticipate any
7 incremental costs or delays in implementing the proposed changes.

8 **Q. DOES THE DIVISION HAVE ANY PROPOSED MODIFICATIONS TO THE**
9 **COMPANY'S RECOMMENDATION?**

10 A. The Division provided feedback to the Company in October that included potential
11 alternatives for dealing with the period after the original project tariff expires (identified as
12 the Post Original Tariff Term ("POTT") in the Company's testimony). In those comments,
13 the Division expressed a preference for an approach that is different from what the
14 Company has proposed. Instead of continuing to compensate the total system using a
15 blended PBI rate, the Division recommended that the Company require that both the
16 original and the second solar project tariffs end at the date of the original project tariff
17 expiration.¹ The combined total system would then be eligible for net metering. This is

¹ This would result in a tariff term for the second system that is shorter than the current approved 15- or 20-year terms. For example, for a project that is 3 years into a 15-year term elected to expand, the second (expansion project) would only have a 12-year term that expires coincidentally with the original project. The Division notes that the statute appears to allow this.

From RI GS 39.26.6-5:

(c) In proposing the tariff(s) and solicitation rules applicable to each year, the tariff(s) and rules shall be developed by the electric distribution company and will be reviewed by the office and the board before being sent to the commission for its approval. The proposed tariffs shall include the ceiling prices and term lengths for each tariff that are recommended by the board. The term lengths shall be from fifteen (15) to twenty (20) years; provided, however, that the board may recommend shorter terms for small-scale solar projects. Whatever term lengths between fifteen (15) and twenty (20) years are chosen for any given tariff, the evaluation of the bids for that tariff shall be done on a consistent basis such that the same term lengths for competing bids are used to determine the winning bids. (Emphasis Added).

1 simpler to explain and understand and should be easier to administer than the proposed
2 approach that the Company is recommending for the POTT. The Division believes that
3 consideration should be given to adopting the Divisions recommendation, or for allowing
4 this to be an option that the Customer elects at the time that the second project is approved.

5 **Q. DOES THE DIVISION SUPPORT THE PROPOSED CHANGES ALLOWING**
6 **LIMITED SMALL SOLAR PROJECT EXPANSION?**

7 A. Yes, the Division supports the proposed changes. As noted above, the Division believes a
8 common expiration date equivalent to the expiration date of the original project may offer
9 a better approach than the proposed POTT option recommended by the Company.

10 **Q. DID RIE PROPOSE ADDITIONAL MODIFICATIONS TO THE TARIFFS AND**
11 **PROGRAM RULES?**

12 A. Yes, the Company is proposing changes that include language clarifying termination rights
13 (and limitations), new definitions and section headers that improve clarity and
14 completeness.

15 **Q. DOES THE DIVISION SUPPORT THESE ADDITIONAL NON-SUBSTANTIVE**
16 **MODIFICATIONS?**

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

18 **IV. 2026 CEILING PRICES FOR SMALL SOLAR CLASSES**

19 **Q. DID THE DIVISION PARTICIPATE IN THE STAKEHOLDER PROCESS FOR**
20 **THE DEVELOPMENT OF CEILING PRICES FOR THE 2026 PROGRAM YEAR?**

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

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

6 A. The Division comments focused on the need to maximize the potential utilization of tax
7 credits while these remain available. For Small Solar I projects this means establishing
8 ceiling prices assuming a third-party ownership model in which the third-party owner is
9 able to take advantage of the tax credits that are no longer available to residential host
10 owned systems. The Division recommended against initial proposals to have separate
11 ceiling prices for host owned systems vs third party owned systems. The Division has
12 consistently recommended smaller reductions in post tariff revenue assumptions. The
13 Division further supported RIE's recommendation regarding higher REC prices in the
14 assumptions regarding post tariff revenues.

15 **Q. DOES THE DIVISION SUPPORT THE RECOMMENDED SMALL SOLAR I AND**
16 **II CEILING PRICES?**

17 A. Yes, the Division supports the recommendations for the Small Solar Ceiling Prices.

18 **Q. WHAT RECOMMENDATIONS WERE MADE FOR THE NON-SMALL SOLAR**
19 **CEILING PRICES?**

20 A. OER and the DG Board are recommending no changes to the ceiling prices that were
21 established in Docket 23-44-REG for the ceiling prices for non-small Solar classes. These
22 ceiling prices were established for a three-year period, and 2026 is the final year of this
23 period.

1 **Q. DOES THE DIVISION SUPPORT THIS RECOMMENDATION?**

2 A. The Division supports this recommendation, with one exception noted below. SEA
3 evaluated all of the major factors impacting the economics of non-small solar projects.
4 These factors had varying impacts but on the whole, the ceiling prices established in Docket
5 23-44-REG produced a reasonable rate of return.

6 **Q. WHAT IS THE DIVISION'S POSITION ON THE PROPOSED MEDIUM SOLAR
7 CEILING PRICE, WHICH IS HIGHER THAN THE CEILING PRICE PROPOSED
8 FOR SMALL SOLAR II?**

9 A. The Division believes that the ceiling price for Medium Solar should be set at a rate equal
10 to the proposed Small Solar II rate, consistent with the Commission's ruling in Docket 23-
11 44-REG.²

12 **V. PROPOSED MW ALLOCATION**

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

15 A. Yes.

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

17 A. The recommendation was supported by an analysis of the interconnection queue conducted
18 in coordination with Rhode Island Energy that focused on the number of projects and
19 MW's that could potentially participate in the PY 2026-27 open enrollment. For the classes
20 less than 1 MW, the recommendation was informed by a decision to allocate only the
21 statutory minimum of 30 MW to these classes and to focus more of the overall MW
22 allocation to the Medium and Commercial classes which offer potentially better economic

² Report and Order at Page 11. <https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2024-09/RI%20Energy%202344%20REG%20Ord25141%208-29-24.pdf>

1 outcomes (lower PBIs) due to the lower ceiling prices and competitive bidding versus
2 administratively set prices for small solar.

3 **Q. DOES THE DIVISION SUPPORT THE RECOMMENDATIONS FOR THE MW**
4 **ALLOCATION PLAN?**

5 A. The Division supports the recommendations for the MW allocation as proposed by OER/
6 DG Board.

7 **VI. OUTLOOK FOR FUTURE PROGRAM YEARS**

8 **Q. DOES THE DIVISION BELIEVE THAT SIGNIFICANT CHANGES ARE**
9 **IMPACTING THE RENEWABLE ENERGY INDUSTRY?**

10 A. Yes, the passage of the comprehensive tax and spending bill (aka the One Big Beautiful
11 Bill Act, or “OBBBA”) in 2025 has a significant impact on the renewable energy industry,
12 resulting in the elimination of tax credits, and the addition of regulatory barriers in the form
13 of restrictions on sourcing of major equipment. The bill also made 100% bonus
14 depreciation permanent for qualifying property which will benefit the industry. In the long
15 run, US based supply chains for renewable energy equipment will likely be strengthened
16 and may produce long-term benefits, however in the short run, these changes will put
17 upward pressure on costs to develop and construct renewable energy projects.

18 **Q. HOW WILL THOSE CHANGES IMPACT THE RE GROWTH PROGRAM?**

19 A. In the near term, this will place considerable upward pressure on prices resulting in higher
20 PBI payments to participants in future years, thereby increasing costs for customers in
21 terms of higher RE Growth Factors. The longer-term impacts of these changes are difficult
22 to predict. For example, it is hard to forecast the potential number of project cancellations
23 and overall reduced demand for equipment as well as for project sites, which may offset

1 some of the upward price pressure. In addition, the impacts of tariffs and restrictions on
2 sourcing will create supply chain challenges that will push costs higher. Long term impacts
3 on the renewable industry are harder to estimate but will be influenced by evolving trade
4 policies, the pace of development of US manufacturing capacity for renewable energy
5 equipment as well as potential changes in US energy policy.

6 **Q. WHAT FACTORS WILL BE IMPORTANT TO EXPLORE IN THE**
7 **DEVELOPMENT OF CEILING PRICES FOR THE 2027 PROGRAM YEAR?**

8 A. As noted in the testimony of Jim Kennerly, key costs of financing (both interest rates for
9 project debt and returns on equity, including tax equity) will change over time and need to
10 be revisited in 2026 as part of the ceiling price process. The Division believes that the
11 impacts of the OBBBA will have far reaching effects on the renewable industry and will
12 require changes in the approach to financing these projects. Notably, as tax credits go away
13 and 100% bonus depreciation becomes available, the industry will need to adjust to
14 capitalize on this shift of tax-based value. This may require new financing structures. It
15 will also be critical to attempt to gather as much information as possible about the impact
16 of the Foreign Entities of Concern (“FEOC”) restrictions, tariffs, as well as supply /demand
17 shifts on the supply chain for key equipment.

18 **Q. ARE THERE OTHER CONSIDERATIONS OR CONCERNS ABOUT THE NEAR-**
19 **TERM FUTURE OF THE RE GROWTH PROGRAM?**

20 A. Yes. A major concern is the possibility of free ridership over the next program year or two.
21 Ceiling prices established in 2026 for Program year 2027 will likely reflect the sunseting
22 of tax credits, resulting in higher ceiling prices. Because the US Treasury guidance issued
23 in August of 2025 allows projects to meet a “beginning of construction” threshold by July

1 1, 2026, it is conceivable that certain projects could meet this threshold and maintain tax
2 credit eligibility. Under the Treasury rules, such projects would have up to four calendar
3 years from the calendar year in which they met the “beginning of construction” threshold.
4 In other words, a project could remain eligible for tax credits and be placed in service as
5 late as 2030. This creates potential situation where a tax credit eligible project could
6 participate in the open enrollment in 2027 or 2028 under which ceiling prices have been
7 set assuming no tax credits. In this scenario, assuming most of the other projects
8 participating in the competitive solicitation are not tax-credit eligible, the project in
9 question would potentially be able to successfully enroll at a price that is considerably
10 higher than the price that project requires to earn a fair return. It is difficult to predict how
11 many projects would be impacted by this dynamic, and it is fair to note that these project
12 developers seeking to meet the “beginning of construction” threshold must put capital at
13 risk earlier than other projects. However, the Division believes that consideration for how
14 to deal with this potential outcome in the competitive bidding process for future program
15 years (after 2026) may be warranted.

16
17 **VII. CONCLUSION**

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

19 **A.** Yes.

20

Exhibit MWB-1 CV for Michael W Brennan

Professional Experience

MW BRENNAN CONSULTING, LLC

Raleigh, NC

Owner

May 2019 to Present

MW Brennan Consulting provides a wide range of services in the utility, renewable energy and general business sectors. Clients include corporations, regulatory agencies, municipalities, and electric cooperatives. Work includes:

- Corporate sustainability strategy development and execution
- Financial analysis and project development for renewable and distributed energy projects for corporate clients
- Energy policy and utility regulatory activities with a focus on renewable energy, energy storage and grid modernization
- Rate making, cost of service and rate design analysis, and bulk power supply analysis and procurement for municipal electric utilities
- Business and financial consulting for a wide range of industries and clients on business strategy, capital investment analysis, mergers and acquisitions and general business consulting

DUKE ENERGY

Raleigh, NC

Renewable Compliance Manager

March 2018 to April 2019

Responsible for development, oversight and implementation of a multi-year, 2,600 MW renewable competitive procurement program for Duke Energy Carolinas and Duke Energy Progress

- Development of program structure and guidelines including compliance with enabling statute and regulatory orders, procurement targets and schedule and proposal evaluation approach
- Regulatory filings and approvals for key documents including power purchase agreement, RFP documents and other guidance to bidders
- Key point of contact and interface with independent third party RFP administrator

Lead Wholesale Renewable Analyst

March 2017 to March 2018

Provides deal structuring and analytic support to Duke Energy's Regulated Renewables and Distributed Energy department. Responsibilities include:

- Support of compliance activities related to NC Renewable and Energy Efficiency Portfolio Standards (REPS) including ownership and maintenance of tools to support decision making, compliance and reporting
- Analysis and pricing support for business development activities for new regulated utility products and services, investments and purchase activities for renewable and distributed energy technologies
- Development and ongoing maintenance of key Excel based analytic tools for project evaluation, rate design, and strategic analytics to support regulatory and legislative initiatives

ECO-SITE, INC.

Durham, NC

Vice President – Finance and Administration

November 2012 to February 2017

Lead key finance functions for a growing developer of cell towers and other wireless infrastructure. Grew this function from the formation of the company to multimillion dollar annual G&A and Capital budgets and rapidly growing revenue. Interface for company management and private equity investors on all finance, information technology and human resource related matters.

- Responsible for monthly, quarterly, and annual financial close and reporting as well as the preparation and approval of the annual budget for G&A and Capital spending
- Managed commencement and ongoing financial administration of leases related to wireless infrastructure assets
- Developed a comprehensive multi-year forecasting and analytic tool for evaluation of opportunities and near and long term financial and strategic planning
- Built all financial infrastructure for start-up company including implementation of accounting system, development of chart of accounts and key financial policies and processes
- Planned and coordinated the procurement and installation of key IT infrastructure and services to support growing staff and growing business needs

- Created and maintained key human resource functions including benefits programs, payroll, employee handbook, recruiting and onboarding procedures and performance management tools.

PROGRESS ENERGY

Raleigh, NC

Director – Strategic and Financial Planning

2007 to September 2012

Directed annual and ongoing corporate strategic planning process, financial planning process and market research function for Fortune 250 regulated electric utility company. Provided analytic and decision support for key strategic initiatives and decisions, coordinated and managed the preparation of consolidated financial forecasts/budgets and associated analysis, and planned and coordinated key strategic and financial planning meetings with CEO's senior management committee.

- Led a key integration team that designed the financial planning and analysis, budgeting, strategy, and M&A organizations for the new Duke Energy
- Played a key role in the analysis and due diligence associated with Progress Energy's merger with Duke Energy
- Revamped the strategic and financial planning process including improvements to subsidiary governance, enhanced interfaces with key stakeholders and more frequent and robust discussions with senior management
- In 2010, consolidated corporate strategy and financial planning and analysis functions into a single organization under my direction

Manager, Financial Analysis and Special Projects – Treasury Department

2004 to 2007

Managed team of 6 finance professionals responsible for providing financial analysis for major capital and O&M projects, wholesale power contracts, divestitures, and acquisitions and for supporting special projects and initiatives.

Supervisor, Financial Services – Itearon Harris Nuclear Plant

2002 to 2004

Managed team of 6 finance and accounting professionals responsible for the financial governance and control activities for a nuclear power plant.

Senior Analyst / Lead Financial Specialist

2000 to 2002

Primary financial analyst for \$440 million project financing for 2,500 MW portfolio of natural gas fired power plants.

WOOLFERT, LLP - engineering and infrastructure consulting firm

Charlotte, NC

Project Engineer/ Project Manager, Water Resources Engineering Department

1995 to 1998

Managed numerous engineering projects for public and private clients and assisted municipal clients with program development

US ARMY

Fort Carson, CO/ Fort Leonard Wood, MO

Platoon Leader and Battalion Adjutant, 4th Engineer Battalion

1992 to 1995

Led combat engineer platoon and assault and obstacle platoon before promotion to battalion adjutant.

Deployed with battalion as part of division task force to National Training Center in Fort Irwin CA

Education

WAKE FOREST UNIVERSITY, Babcock Graduate School of Management

Winston-Salem, NC

Master of Business Administration with Distinction; Recipient, Charles H. Babcock Scholarship

May 2000

NORTH CAROLINA STATE UNIVERSITY

Raleigh, NC

Bachelor of Science in Civil Engineering; Magna Cum Laude; Recipient, Army ROTC Scholarship

May 1992

Skills and Licensure

Licensed Professional Engineer (Inactive): State of North Carolina (PE # 022539)

Licensed Private Pilot: Single Engine, Land