



**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**

**Department of Administration**  
DIVISION OF LEGAL SERVICES  
One Capitol Hill, 4<sup>th</sup> Floor  
Providence, RI 02908-5890

Tel: (401) 222-8880  
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August 22, 2014

**VIA FIRST CLASS MAIL AND ELECTRONIC MAIL:**

Luly E. Massaro  
Commission Clerk  
Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, Rhode Island 02888

RE: Commission's Sixth Set of Data Request Directed to Rhode Island Office of Energy Resources (August 19, 2014) – Docket 4288

Dear Ms. Massaro:

Enclosed for filing on behalf of the Rhode Island Distributed Generation Board ("Board") is an original and ten (10) copies responding to the Commission's Sixth Set of Data Requests Directed to Rhode Island Office of Energy Resources (August 19, 2014) – Docket 4288.

Electronic copies of the filing were sent to all persons named on the attached Service List.

Thank you for your assistance.

Sincerely,

Daniel W. Majcher, Esq.

DWM/njr

Enclosure

c. Docket 4288 Service List



## Non-Competitive Bid Request Single Source Justification Form

State of Rhode Island, Department of Administration  
Division of Purchases  
One Capitol Hill, Providence Rhode Island, 02908  
[www.purchasing.ri.gov](http://www.purchasing.ri.gov) (401) 574-8100

Good or Service: Service Proposed Vendor: Sustainable Energy Advantage  
Requesting Agency: Office of Energy Resources Requisition No: 1326192

1. Is this the **only** practical available vendor that can meet the agency's needs? ☒  
[If there only one supplier in existence use the Sole Source Request Form]
2. What unique technical or performance characteristics are offered by this vendor?  
Does the vendor have particular expertise and experience with substantially similar contracts?  
[Personal preference does not justify limiting competition.]  
There is widespread agreement amongst stakeholders that have participated in the development of the Distributed Generation Contracts program in 2011, 2012, and 2013 that the Office of Energy Resources should utilize the "CREST" spreadsheet methodology to set ceiling prices for the 2014 Distributed Generation Contracts program. The methodology is outlined in the US Department of Energy, Renewable Energy Laboratory Report (NREL) Renewable Energy Cost Modeling: A Toolkit for Establishing Cost-Based Incentives in the United States (May 2011) authored by Sustainable Energy Advantages. The "CREST" methodology was utilized during the implementation and launch of the Distributed Generation Contracts program in 2011 and 2013. This methodology was approved by the Public Utility Commission during the Distributed Generation Contracts docket (4277/4288) process in both December 2011 and January 2013.
3. How was it determined that this is the only practical available vendor?  
The Distributed Generation Contracts program ceiling prices need to be annually reviewed and revised. There is consensus by the Office of Energy Resources and the various stakeholders that have participated in this process that the same methodology used in 2011 and 2013, should be used to establish 2014 ceiling prices. The vendor team used in 2011, 2012, and 2013 authored the federally published "CREST" report and developed the ceiling prices for the annual Distributed Generation Contracts program. They are uniquely qualified to prepare the 2014 ceiling prices to be submitted to the Public Utilities Commission by the Office of Energy Resources. The time frame is extremely tight as the ceiling prices need to be submitted to the Public Utility Commission by October 15<sup>th</sup>. This sole source vendor option was approved by the Division of Purchasing in the summer of 2011 and 2012.
4. Why is the offered price considered reasonable?  
What efforts have been made to negotiate the best price for this non-competitive purchase?  
The total budget for this work would be \$34,894.04. The budget was negotiated between the Office of Energy Resources and Sustainable Energy Advantage in June. Sustainable Energy Advantage approved budget for the 2013 Distributed Generation Contracts Program was \$33,753.95. The Office of Energy Resources is satisfied with this budget, based on the level of work needed to perform the tasks successfully. The increased price for the 2014 program is due to the necessity of reviewing and adjusting existing ceiling prices, and developing additional ceiling prices for new technologies, including small-scale hydropower.

I certify that the above statements are true and complete to the best of my knowledge.

Revised: August 12, 2005

Pursuant to Rhode Island General Laws § 37-2-21

Posted at: <http://www.purchasing.ri.gov/agency/forms/singlesource.doc>

Terri L. Brooks  
Requestor Name

Admin. Financial Mgt. 7/8/13  
Title Date

Approved by:

☒ Curt A. McGurn  
Buyer

7/22/13  
Date

☐ \_\_\_\_\_  
Chief Buyer

\_\_\_\_\_  
Date

☐ \_\_\_\_\_  
Administrator

\_\_\_\_\_  
Date

☐ L. Hynes  
Purchasing Agent

7/25/13  
Date

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
PUBLIC UTILITIES COMMISSION

IN RE: RI OFFICE OF ENERGY RESOURCES'  
BUDGET REQUEST TO PERFORM CEILING PRICE  
SERVICES FOR THE 2015 RENEWABLE ENERGY  
GROWTH PROGRAM

DOCKET NO. 4288

RESPONSE TO COMMISSION'S SIXTH SET OF DATA REQUEST  
DIRECTED TO R.I. OFFICE OF ENERGY RESOURCES

(August 19, 2014)

(Please reply by 12:00 pm on August 25, 2014)

1. In the OER's Response to Comm 3-3, the OER states, "Based on current circumstances and the potential dollar amount, the Board has determined that issuing a request for proposals through the Division of Purchases would be in the State's best interest to select a consultant for the development of the 2015 program." It was also noted in years 2011 through 2014, the OER used a sole source vendor option to select a consultant and no technical review committee was involved in this process. Why is the current process whereby a request for proposals is issued through the Division of Purchases, and bids evaluated by a technical review committee, in the state's best interest?

**Sustainable Energy Advantage ("SEA") was selected in the past on a single/sole source basis because SEA developed the CREST model. The CREST model had just been issued in 2011 by NREL and so was new and SEA was both familiar with its use and the principal of SEA was previously as an expert before the PUC. The OER determined that the CREST model was the most appropriate and transparent method to develop ceiling prices. Because of SEA's familiarity with the CREST model, they were selected. Distributed Generation market has developed over the past several years and now that the DG Board is in place for the commencement of the annual process, the DG Board decided it would be in the State's best interests to test the market and issue a Request for Proposals.**

2. Describe the state's sole/single source vendor option which was used to select the ceiling price consultant in prior years.

**The OER submitted justification to the Division of Purchases ("Division") to select SEA and the Division approved and issued a purchase order. Attached is the justification memo provided to the Division. The justification was the same for all three (3) years that SEA was selected.**

3. OER Response to Comm 5-2 states the technical review committee will include Ken Payne, Chris Kearns and Hannah Morini.

- a) Is this a final and exhaustive list of technical review committee members or will individuals be subsequently added/removed to/from this list?

**Yes. Three Proposals were received and will be reviewed by these three individuals. This review team will make a recommendation to the Division of Purchasing. Attached is a list posted on the Division's website with the vendors submitting a proposal.**

- b) Describe the process that ultimately ended in the selection of the technical review committee members. Please include the name of the individual having ultimate authority to decide the make-up of the technical review committee.

**The Technical Review Committee process was discussed at the Board's June meeting. Ken Payne, Hannah Morini and Chris Kearns volunteered to serve on the Review Committee at the June Board meeting. In accordance with RI General Laws § 39-26.2-11(a), Commissioner Gold serves as the Executive Director of the DG Board. Therefore, Commissioner Gold, in coordination with the approval of the DG Board, has authority to determine who would be on the review team.**

- c) Will National Grid have any involvement in the selection of the consultant? If yes, what will be the nature of the involvement?

**No.**

4. Will National Grid aid the Board or its consultant in the development of the 2015 ceiling prices? If yes, please describe the nature and extent of their aid or involvement.

**Yes, National Grid will be allowed to participate, as they have done over the past 4 years, with all other stakeholders in the development of the 2015 ceiling prices by the Board. The Board and OER have provided a transparent and open process for all stakeholders, including National Grid to provide feedback and data on the development of the ceiling prices. National Grid has administered the DG program, and will continue to do so under the new REG program, so it is important to have the utility participate in the stakeholder process. The DG Board and the OER have made it an affirmative practice to include National**

**Grid fully in the process. National Grid has specific expertise in areas which the Board must address in developing ceiling prices.**

5. Referring to the OER's Response to Comm 3-2, what involvement did Meister Consultants Group have in the development of the 2013 ceiling prices?

**The Meister Consultants Group, as a subcontractor to SEA, assisted in the analysis and development of the ceiling prices for the different renewable energy (particularly solar) technologies under the DG program.**

6. Will the consultant hired for the 2015 ceiling price program work in collaboration with any other individuals in the development of the ceiling prices? If yes, identify the individuals who will assist in the development of the program.

**The consultant will carry out the same process that has been used over the past 4 years with the development of the ceiling prices under the DG program. This includes the consultant engaging with Commissioner Gold and Chris Kearns from the OER, members of the Board and stakeholders that participate in the ceiling price development public meetings that the DG Board organizes in the fall.**

7. According to OER's Response to Comm 4-4, in ceiling price program years 2011 through 2014, the consultant was paid from RGGI and federal funds. Under the REG legislation, the cost of the consultant will be paid by National Grid and passed onto ratepayers. Since the OER believes the current process for selecting a consultant is in the state's best interest (OER Response to Comm 3-3), please explain how the state benefits from having ratepayers fund the ceiling price program.

**The Board's reconciliation funding request for the 2015 ceiling price services was established by the RI General Assembly under the REG law, in order to carry out the development of the annual ceiling price requirements for the REG program. The Board and the OER are performing their statutory responsibilities. Rate payers have an interest in ceiling prices being cost effective as a means of obtaining grid connected renewable energy under this new program.**

8. Referring to OER's Response to Comm. 3-4, for clarity purposes what is meant by "the new residential component of the REG program?"

**The REG law requires the establishment of a residential renewable energy program under the REG law for homeowners to participate in.**

9. The OER's Response to Comm 3-4 suggests that a higher cost for the consultant is justified because of the anticipated increase in billable hours for the consultant in 2015. Please confirm whether this is true, and describe in more detail why the anticipated cost of the consultant has increased by \$20,000 from 2014.

**Confirmed. The Board requested \$65,000 for the 2015 ceiling price services for the following reasons:**

- 1. Based on the trajectory in past year's budgets increasing in the development of the ceiling prices, including the extensive docket proceedings;**
- 2. The increased number of ceiling prices for the different renewable energy system sizes;**
- 3. The development of the new residential renewable energy program and the associated ceiling price under the REG law; and**
- 4. The shift from a contract based to a tariff based program could have impacts that work that are not understood until the work is undertaken.**

**While the Board filed a reconciliation request for \$65,000, the selected consultant may not end up using the entire funding amount. However, that wouldn't be determined until the ceiling price development and docket proceedings conclude.**

10. Referring to the OER's Response to Comm 3-2 (attachments), please confirm that the following are the correct total dollar amounts paid by the Board to the ceiling price consultant in years 2011 through 2014. Please correct any errors by providing the correct amount of fees paid.

- a) 2011: \$29,722.66
- b) 2012: \$22,370.53
- c) 2013: \$33,752.87
- d) 2014: \$43,322.96

**The 2011 through 2013 dollar amounts are correct. However, there was an error in the total budget for the 2014 ceiling price services. The OER inadvertently had an additional service from SEA, that was outside of the services provided for the 2014 ceiling price development and docket proceeding process. The correct dollar amount for 2014 is \$38,372.**

**The Board is still requesting the \$65,000 reconciliation funding request for the development of the 2015 program, even with the adjustment made for the ceiling price service costs from 2014.**

11. RIGL §39-26.6-4(b) authorizes the OER/Board to request approval for “other costs incurred by the Board or the electric distribution company to perform any other studies and reports...” Does the OER or the Board anticipate requesting approval for additional costs associated with the hiring of the 2015 ceiling price consultant or for any other costs associated with the 2015 ceiling price program? If yes, what would be the specific nature of those costs and the timing such a request?

**The OER/Board at this time does not anticipate making any additional reconciliation filing requests regarding the 2015 ceiling price services.**