

Renewable Energy Growth Program

Executive Summary

November 14, 2014

The Renewable Energy Growth Program (RE Growth Program) will make it easy and attractive for National Grid's customers and renewable energy developers to install new sources of distributed generation (DG) across Rhode Island. The groundbreaking program design brings together competitive pricing, scale, and flexibility for large systems and enables a simple, customer-friendly process with standard pricing for residential and small non-residential solar photovoltaic systems. The program design will make the installation and ownership of DG more accessible, it will ensure that it is predictably and competitively priced, and, ultimately, it will be beneficial for Rhode Islanders.¹

The RE Growth Program's goal of enrolling 160 megawatts (MW) of new DG over the next five years marks a significant expansion of DG in Rhode Island after the DG Standard Contracts program.² The expected benefits of the RE Growth Program include reductions in greenhouse gasses and other emissions associated with fossil fuels, economic development in Rhode Island communities, energy diversification, and peak energy demand reductions.

The RE Growth Program is distinct from, and not a continuation of, the DG Standard Contracts Program under which developers with eligible renewable projects entered into long-term contracts, or power purchase agreements, with the Company. In contrast, under the RE Growth Program, developers and customers with eligible renewable DG projects will have the opportunity to enroll in the program and receive compensation pursuant to the RE Growth Program tariffs, as approved by the PUC. In order to implement the RE Growth Program, the Company is proposing a governing tariff with terms and conditions intended to remain in effect for the life of the program. For at least five program years, the Company will file tariff supplements with the PUC that are designed to provide performance-based incentives to eligible DG projects for a specified term of years. The Company will also annually file any updates to the rules that will govern the solicitation and enrollment process, which ensure the orderly functioning of the program.

The Company's proposal provides for separate solicitation and enrollment rules for small-scale solar projects and a separate residential tariff to simplify and streamline the process for Residential small-scale solar projects. For all other applicants, the Company is proposing a non-residential tariff and separate solicitation and enrollment rules for solar greater than 25 kilowatts (25 kW), wind, hydroelectric, and anaerobic digester projects. The highlights of each are provided below:

¹ The RE Growth Program was formed pursuant to Chapter 26.6 of Title 39 of the Rhode Island General Laws under the recently-enacted Clean Energy Jobs Program Act (the Act) (House Bill No. 2014-H 7727Aaa and Senate Bill No. 2014-S 2960Aaa).

² The Company implemented the DG Standard Contracts Program pursuant to the DG Standard Contracts Act, R.I. Gen. Laws § 39-26.2-1 *et seq.*

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Residential/Small-Scale Solar Projects

- Available to small-scale solar projects up to 25 kW installed at residential customer locations served under the Company's residential rate classes (A-16 or A-60) and allows developers who wish to sell or lease such solar projects at a residential customer's premises.
- Eligible applicants would be accepted on a rolling, "first-come, first-served" basis until the small-scale solar MW target recommended by the Rhode Island Distributed Generation Board (DG Board) is met.
- Residential customers that enroll will receive a standard incentive as a monthly bill credit for the energy output of the system, pursuant to the net metering provision of the law, with any remaining performance-based incentive (PBI) paid to the certificate holder of record for the renewable attributes of the solar project.
- These projects fall under the residential tariff and the solicitation and enrollment rules for small-scale solar projects.

Non-Residential/Small-Scale Solar Projects

- Similar to Residential Small-Scale Solar Projects, but associated with customer locations served under any of the Company's non-residential rate classes.
- Eligible applicants would be accepted on a rolling, "first-come, first-served" basis.
- Non-residential customers that enroll will receive a standard incentive as a monthly bill credit for the energy output of the system, pursuant to the net metering provision of the law, with any remaining performance-based incentive (PBI) paid to the certificate holder of record for the renewable attributes of the solar project.
- These projects fall under the non-residential tariff and the solicitation and enrollment rules for small-scale solar projects.

Non-Residential Program/Solar (>25 kW), Wind, Hydro and Anaerobic Digester Projects

- Available to non-residential customers and developers with a renewable energy project that meets the eligibility criteria.
- Medium-scale solar projects are greater than 25 kW up to 250 kW. Eligible applicants in the medium-scale solar project class may apply during a two-week enrollment period and would be enrolled on a "first-come, first-served" basis until the medium-scale solar MW class target recommended by the DG Board is met.

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- Medium-scale solar projects would receive a standard incentive.
- Solar projects larger than 250 kW and projects of other renewable technologies would bid a price per kilowatt-hour for the output of the project.
- For solar projects greater than 250 kW and projects of other renewable technology, the Company would select eligible projects based on the price they bid in the competitive solicitation process.
- In every case where a project can be configured for net metering and is sized according to their on-site load, the customer shall have the choice of receiving the entire PBI payment directly or receiving compensation through a combination of a direct payment and a bill credit based on the value of the customer's on-site consumption.
- These projects fall under the non-residential tariff and the solicitation and enrollment rules for solicitation and enrollment rules for solar greater than 25 kilowatts (25 kW), wind, hydroelectric, and anaerobic digester projects.

Other Terms and Conditions

- The tariffs describe metering provisions of the projects, explain which party will pay for the meter, and describe how that metering will be wired in relation to the customer's existing meter, if necessary.
- For small-scale and medium-scale solar projects, the Company will award projects a certificate of eligibility (COE) and will provide a list of those projects and their pricing to the PUC as part of a tariff supplement. For all other projects the Company will file a list of selected projects and their prices to the PUC. Within 60 days of receiving the list of selected projects, the PUC would issue an order awarding COEs to those projects.
- Following the receipt of a COE, applicants must meet other requirements, which include filing with the PUC for project certification as an eligible resource under the Rhode Island Renewable Energy Standard, and completion of the interconnection process, among other requirements set forth in the tariff.
- The PBI to be paid to successful projects will be set forth on the tariff supplements for the enrollment in which the project was issued a COE. For small-scale and medium-scale solar projects, the PBI will be the standard incentive recommended by the DG Board and approved by the PUC for the applicable program year. For all other projects, the PBI will be the bid price received in the enrollment.
- Both tariffs include termination provisions, and the PUC has exclusive jurisdiction over any disputes that may arise under the Tariff or program rules.

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The law authorizing the RE Growth Program provides that the enrollments are to be governed by a solicitation and enrollment process and tariffs that are filed with, and approved by, the PUC. Therefore, the Company has submitted for PUC approval its proposed RE Growth Program solicitation and enrollment process rules and tariffs effective April 1, 2015.

In preparing the enclosed RE Growth Program documents, the Company considered the input of the DG Board, the Office of Energy Resources, the New England Clean Energy Council, and the other public comments that were submitted to the DG Board. On or around December 15, 2014, the DG Board will file with the PUC its recommendations for nameplate MW targets for each enrollment, the nameplate MW targets for each renewable energy class in each enrollment, the ceiling prices for each renewable energy class, and the tariff supplement term lengths. After the PUC rules on the DG Board's recommendations for the first program year, then the Company will supplement this filing to include this information.

The Company believes that its proposal satisfies the legal requirements of the statute authorizing the RE Growth Program and that it will encourage the development of many new renewable energy projects across the State of Rhode Island.