**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS**
**PUBLIC UTILITIES COMMISSION**

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| **THE NARRAGANSETT ELECTRIC COMPANY'S** | **:** | |
| **d/b/a NATIONAL GRID 2018 RENEWABLE** | **:** | **DOCKET NO. 4774** |
| **ENERGY GROWTH PROGRAM** | **:** | |

# ORDER

## I. Introduction

The Renewable Energy Growth Act, Chapter 39-26.6 of the Rhode Island General Laws, created a tariff-based financing program (RE Growth Program) for renewable distributed energy generation systems. The program is administered by the Narragansett Electric Company d/b/a National Grid (National Grid or Company) and is expressly subject to review and supervision by the Public Utilities Commission (PUC or Commission). The stated purpose of the five-year program is to facilitate and encourage the installation and development of 160 megawatts of renewable distributed generation systems in Rhode Island, reduce environmental impacts and carbon emissions, diversify generation sources, stimulate economic development, improve distribution system resilience and reliability, and reduce distribution system costs.[1]

Each year, National Grid must file tariffs and rules governing the solicitation and enrollment process for review and approval by the PUC.[2] The tariffs include annual ceiling prices and capacity targets in specific technology and class sizes as recommended by the Distributed Generation Board (DG Board) to the Commission.[3] The ceiling prices for each technology are intended to allow a developer to invest in a project and receive a reasonable rate of return.[4] During designated enrollment periods, developers competitively bid large projects into the program at a

[1] R.I. Gen. Laws § 39-26.6-1.
[2] R.I. Gen. Laws § 39-26.6-5.
[3] R.I Gen. Laws §§ 39-26.6-5 and 39-26.6-4(a)(1).
[4] R.I. Gen. Laws § 39-26.6-2.

price that does not exceed the ceiling price. Projects that clear the auction, are awarded performance-based incentives at their bid level under tariffs that cannot be altered in any way during their applicable term of fifteen or twenty years.[5] The RE Growth Program has a separate carve-out for enrollment of medium- and small-scale solar projects. They have standard pricing and do not have to bid into the program.[6] On June 27, 2016, the governor signed legislation that expanded opportunities for customer participation in the RE Growth Program.[7]

On November 15, 2017, the DG Board filed its Report and Recommendations with the PUC, for the 2018 Renewable Energy Growth Classes, Ceiling Prices, and Capacity Targets.[8] On January 22, 2018, the DG Board's consultant, Sustainable Energy Solutions, Inc., filed a memorandum modifying the recommended ceiling prices to reflect the effect of federal tax reform and federal tariff changes.

On November 16, 2017, National Grid filed its Proposed 2018 Renewable Energy Growth Program.[9] The filing included a proposed minimum bill credit value for Community Remote Distributed Generation (Community Remote) projects and revisions to the definitions of "Bill Credit Recipient" and "Customer." In addition, the Company proposed revisions updating the dates, prices, and class sizes to reflect the DG Board's recommendations for the 2018 program

[5] R.I. Gen. Laws § 39-26.6-6. Applicants must satisfy eligibility and minimum threshold requirements in order to participate in the bidding process. A project must also meet additional specific requirements to maintain its status in the RE Growth Program prior to and during construction. *See* RE Growth Program Solicitation and Enrollment Process Rules for Solar (Greater that 25 kW), Wind, Hydro and Anaerobic Digester Projects; https://www9.nationalgridus.com/narragansett/non_html/SolarWindHydroAD%20Rules%20%20(04.01.18)-CLEAN%20Compliance.pdf.

[6] R.I. Gen. Laws § 39-26.6-15(b) and (c).

[7] The 2016 amendments specifically directed the Company to propose tariffs and rules that implement shared solar facilities and community remote distributed generation systems for PUC review and approval. R.I. Gen. Laws §§39-26.6-26 and 39-26.6-27. *See* PUC Docket No. 4672; http://www.ripuc.org/eventsactions/docket/4672page.html.

[8] Rhode Island Distributed Generation Board's Report and Report and Recommendations on the 2018 Renewable Energy Growth Classes, Ceiling Prices, and Capacity Targets (Nov. 15, 2017) (DG Board's Filing). All filings in this docket are available at the PUC offices, located at 89 Jefferson Boulevard, Warwick, Rhode Island or at http://www.ripuc.org/eventsactions/docket/4672page.html.

[9] National Grid's Proposed 2018 Renewable Energy Growth Program Tariff and Rules Changes (Nov. 15, 2017) (National Grid's Filing).

year. In compliance with the PUC's directive in Docket No. 4672, the Company also proposed performance metrics to determine the level of remuneration the Company may receive for its performance under the RE Growth program. On January 8, 2018, the Company filed a revised Non-Residential Tariff to replace the Non-Residential Tariff included in its November 2017 filing.[10] Finally, on January 12, 2018, National Grid submitted its proposed budget for the 2018 RE Growth program year.[11]

At an Open Meeting on February 9, 2018, the PUC approved, with modification, National Grid's 2018 Renewable Energy Growth Program filing and the DG Board's recommended 2018 RE Growth Program ceiling prices revised by Sustainable Energy Solution's January 22, 2018 memorandum. At the subsequent February 16, 2018 Open Meeting, the PUC approved the DG Board's recommended 2018 RE Growth Program classes and capacity targets.

## II. Tariff and Solicitation and Enrollment Process Rules

### A. National Grid's Prefiled Testimony

National Grid filed testimony from Ian Springsteel, Director of U.S. Retail Regulatory Strategy, in support of its proposed revisions to the RE Growth Tariffs and Solicitation and Enrollment Process Rules.[12] Mr. Springsteel testified that a minimum bill credit amount was added to the Community Remote program to ensure that customers enrolled in this program would receive at least a minimum level of financial benefits, as intended by the RE Growth statutes.[13]

[10] In the November 15, 2017 filing, the Company included Carport I and II as renewable classes because these were initially included, but subsequently deleted, in the DG Board's 2018 Ceiling Price Recommendations. The revised Non-Residential Tariff deleted the Carport I II classes from Sheet 1 and Schedule 2 of the Non-Residential Tariff. Letter of Raquel Webster (Jan. 8, 2018).

[11] *See* PUC Order 2314 (Docket No. 4672) (Jan. 19, 2018). The PUC ordered National Grid to submit the proposed 2018 budget on or before December 31, 2017, in the same format as the actual budget included with the 2018 RE Growth Factor and Reconciliation filing which will be submitted on June 30, 2018. This would allow the PUC to review any deviations between the proposed and actual budgets, to ensure that all costs are properly and prudently incurred.

[12] Springsteel Test. at 1 (Nov. 16, 2017).

[13] *Id.* at 4-8.

He explained that the DG Board is authorized to establish higher ceiling prices, up to 15% more, for Community Remote projects. In setting a higher ceiling price, the DG Board may consider the cost of customer acquisition, billing operations, collections, associated write-offs for uncollectable amounts, and potential savings realized by the enrolled customers. Without a minimum bill credit, the owner of a Community Remote project could realize higher cash payments by allocating only nominal benefits to customers. A nominal bill credit transfer value could also reduce or eliminate an owner's need to bill and collect payments from customers and any costs associated with such billing and collection activities, despite the fact that the higher ceiling price for these systems was intended support such administrative activities.[14]

Mr. Springsteel testified that to address these concerns, the Company proposed to set a minimum credit value equal to fifty percent of the difference between the Community Remote ceiling price and the non-Community remote ceiling price of the same size category and technology type. According to Mr. Springsteel, the Company solicited input on this issue from the Office of Energy Resources (OER); developers focused on projects that serve low-income and moderate-income residential customers; the Coalition for Community Solar Access; the Northeast Clean Energy Council; Rhode Island Housing; and the developer and owners from NRG Energy, Community Energy Collective, and Clean Energy Development.[15]

Mr. Springsteel also explained that the revised definitions of "Bill Credit Recipient" and "Customer" in the Non-Residential Tariff clarify that customers with multiple accounts would not be considered a single person or entity and that bill credits in the Shared Solar or Community Remote Distributed Generation provisions of the tariff would not be restricted to a single entity.[16]

[14] *Id.* at 6.
[15] *Id.* at 7-8; National Grid Resp. to PUC 2-2. This data response refers to the New England Clean Energy Coalition, which is presently named the Northeast Clean Energy Council.
[16] Springsteel Test. at 14-15.

Finally, Mr. Springsteel addressed the proposed performance metrics designed to establish the level of remuneration the Company would be eligible for under the RE Growth Program.[17] Mr. Springsteel testified that the Company currently earns 1.75 % of the gross value of performance based incentives it pays out under the program.[18] The Company proposed that it earn up to 100% of the allowed remuneration by enrolling the target amounts of capacity for each class, to the extent possible, and administering the program in a timely manner. The Company proposed that this remuneration would be subject to the following three metrics:

> 1. At least 90% of simple system meters set within ten business days of proof of final inspection,
>
> 2. At least 90% of all simple system accounts billed within forty-five calendar days from when the Company set its meter, and
>
> 3. At least 90% of all complex system accounts billed within sixty calendar days from when the Company set its meter.

Should the Company fail to meet the above metrics, the remuneration would be incrementally reduced based on a sliding scale for under-performance.[19]

Mr. Springsteel reported that for simple systems enrolled in program year 2017, 100% of meters were set within ten business days and 85.4% of first bills were issued within forty-five business days.[20] Regarding the third metric, Mr. Springsteel reported that nine out of ten complex interconnections were billed within the sixty-day window. Mr. Springsteel asserted that the proposed metrics are "meaningful for measuring and driving better customer service for

[17] *Id.* at 11-13. At an Open Meeting on February 10, 2017, in Docket No. 4672, the PUC directed National Grid to file for Program Year 2018 proposed performance metrics for interconnection, which could include performance metrics for administrative costs, capturing capacity value, capturing the value of the excess generation, addressing customer and/or applicant issues, and additional performance metrics as determined by National Grid. *See* PUC Open Meeting minutes (Feb. 10, 2017); http://www.ripuc.org/eventsactions/minutes/021017.pdf.
[18] *Id.* at 11. *See* R.I. Gen. Laws § 39-26.6-12(j), which authorizes the Company's remuneration and provides that the PUC may establish more specific performance metrics relative to earning the remuneration.
[19] Test. of Ian Springsteel at 12.
[20] National Grid Resp. to PUC 2-7. This data current was of January 16, 2018.

interconnecting and billing RE Growth accounts," within the Company's reasonable control, and offered that the proposed metrics are designed to drive better customer service for interconnecting and billing RE Growth accounts, are within the Company's reasonable control, and are the kind of measures envisioned by the RE Growth statute.[21]

### B. Sunrun's Comments

On December 22, 2017, Sunrun, Inc. (Sunrun),[22] a residential solar, storage, and energy management company operating in twenty-two states, filed comments with the PUC concerning megawatt capacity tracking and solar system sizing requirements. Sunrun recommended improved transparency of available remaining capacity for Small Scale Solar I and II classes. It explained that, with regular reporting of this information on National Grid's website, customers would have more accurate information about project eligibility and developers would have the data necessary for making important business decisions, such as forecasting sales volume and developing "timelines for when to ramp up and down sales."[23]

Sunrun also commented that National Grid's system sizing procedures and formula created unnecessary challenges that negatively effect customer and developer resources and delay project installation. Sunrun suggested that National Grid accept two-years of consumption history when the statutorily required three-year usage history is unavailable, establish a uniform sizing formula for Rhode Island net metering and RE Growth programs by adopting National Grid Massachusetts's sizing formula; and consider site-specific conditions in system sizing.[24]

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[21] National Grid's Resp. to PUC 2-7.
[22] At an Open Meeting held on January 3, 2018 and pursuant to Rule 1.13 of the PUC's Rules of Practice and Procedure, the PUC granted Sunrun's Motion to Intervene and Request for Extension to File Comments. Sunrun was represented by Seth H. Handy, Esq.
[23] Sunrun Comments at 1-2 (Dec. 22, 2018); http://www.ripuc.org/eventsactions/docket/4774-Sunrun-Motion-Comments_12-20-17.pdf.
[24] *Id.* at 4-7.

### C. Division's Comments

On January 17, 2018, Carrie Gilbert of Daymark Energy Advisors, a consultant for the Division of Public Utilities and Carriers (Division), filed a memorandum in support of the proposed Tariffs and Solicitation and Enrollment Process Rules changes proposed by National Grid. Ms. Gilbert asserted that National Grid's proposed revisions regarding the minimum bill credit and clarifications of the definitions of "Bill Credit Recipient" and "Customer" were reasonable. She proclaimed the move toward performance metrics a positive one and opined that the Company's proposed metrics were reasonable.[25]

Ms. Gilbert also addressed Sunrun's comments concerning capacity tracking and system sizing rules. She said that Sunrun's request for regular updates on remaining capacity allocation for small solar classes was reasonable and recommended that the Company provide, on its RE Growth Website, live or bi-weekly capacity updates for the small solar classes. Ms. Gilbert considered Sunrun's concern about the difficulty obtaining three years of customer usage data as warranted. She recommended that the Company address the issue while, in the interim, allowing two years of usage data, until three years could be easily obtained.[26] As to Sunrun's problem with National Grid's system sizing requirements, Ms. Gilbert noted that nothing in the tariffs or rules "would prevent a developer from sizing the system based on site conditions."[27]

### D. National Grid's Reply Comments

On January 22, 2018, Mr. Springsteel filed a letter in response to Sunrun's comments.[28] He stated that the Company has reported available capacity on its Interconnection Process website

[25] Mem. of Carrie Gilbert (Jan. 17, 2018) at 1-3; http://www.ripuc.org/eventsactions/docket/4774-DIV-Gilbert-TariffChange-Memo_1-17-18.pdf.
[26] *Id.* at 3.
[27] *Id.* at 4.
[28] Letter of Ian Springsteel (January 23, 2018).

weekly and its RE Growth website on a monthly basis. Acknowledging that "these two sites were occasionally out of sync," he said the Company intended to remedy the problem in the 2018 RE Growth program year by providing updates only on the Interconnection Process website. The RE Growth webpage will include a direct link to the Interconnection Process webpage which should serve as the single source of updated information for customers regarding available capacity.[29]

Mr. Springsteel explained that the Company had provided new guidance in early 2017, regarding system sizing to correct differences in how output for RE Growth systems and net metering systems are measured. According to Mr. Springsteel, RE Growth systems are measured in Direct Current, while net metering projects are measured in Alternating Current. Sizing for arrays requires the use of a capacity factor that is applicable to either Direct Current, in the case of RE Growth System, or Alternating Current which is required for net metering systems.[30]

Regarding customers' access to their usage history, Mr. Springsteel reported that the Company planned to introduce an automated interconnection portal for Program Year 2018. The portal would be able to provide customers with three years of usage history when they began their interconnection applications. Finally, Mr. Springsteel stated that the Company is open to exploring an automated process to allow systems to be sized based on site specific factors, such as shading.[31] Mr. Springsteel noted that a potential automated solution would require consultation with the DG Board and likely result in additional implementation costs that the Company would collect through the RE Growth factor. The Company proposed to explore this solution with the DG Board.[32]

[29] *Id.* at 1-2.
[30] Letter of Ian Springsteel at 2.
[31] *Id.* at 3.
[32] *Id.*

## III. DG Board's Filing

On November 15, 2017, the DG Board filed its proposed 2018 RE Growth recommended classes, ceiling prices, and capacity targets relative to specific technology and megawatt sizes.[33] The recommendations were endorsed by the Rhode Island Office of Energy Resources (OER). The proposed renewable energy classes and system size eligibility included the same technologies and classes that were approved for the 2017 RE Growth Program.[34] This was the fourth year the DG Board made recommendations to the PUC under the RE Growth program.

As in prior years, the DG Board hired consultant Sustainable Energy Advantage to assist in the development of the ceiling prices.[35] The consultant used the Cost of Renewable Energy Spreadsheet Tool (CREST) to evaluate potential ceiling prices and considered the following data when developing the ceiling price recommendations: 1) state and federal tax incentives; 2) transactions for newly developed renewable energy projects in the ISO New England area and the Northeast Corridor; 3) historical data from the Distributed Generation Standard Contracts Program and the first three years of the RE Growth Program; 4) updated property tax laws; 5) statewide solar permitting application requirements, 6) Rhode Island and Massachusetts interconnection costs; 7) cost effectiveness of eligible technologies; and 8) public comments and data received from stakeholders.[36] The DG Board recommended a 2018 allocation plan that would provide 40 megawatts of capacity, with 6.55 megawatts of capacity available at a fixed priced for the small-scale solar program and 33.45 megawatts available through a competitive bidding process. This is the same allocation plan that the PUC approved in 2017 and according to the DG Board, will

[33] Report and Recommendation of the Rhode Island Distributed Generation Board on 2018 Renewable Energy Growth Classes, Ceiling Prices, and Capacity Targets (Nov. 15, 2018) (DG Board Filing).
[34] *Id.* at 5.
[35] Sustainable Energy Advantage has advised the DG Board in the development of the 2011-2014 Distributed Generation Standard Contracts Program and the 2015-2017 RE Growth ceiling prices.
[36] DG Board Filing at 6.

further its main objective of "having a consistent and predictable program for the renewable market and interested homeowners, businesses, municipalities, farmers and others to plan projects."[37]

Finally, the DG Board recommended that the medium scale solar class and associated ceiling price be shifted from a fixed-price enrollment process to a competitive bidding process for the capacity allocated to the program category in 2018. If approved, this recommendation would increase the percentage of capacity being competitively bid from 76% in program year 2017 to 84% in program year 2018.[38] The DG Board's proposed 2018 RE Growth Program classes, ceiling prices, and capacity targets are attached as Exhibit A.

### A. New Energy Rhode Island Comments

On December 12, 2017, New Energy Rhode Island (NERI)[39] filed comments asserting that the Distributed Generation Standard Contract program and the RE Growth program were not meeting their goals as reported by National Grid.[40] According to NERI, the DG Standards Contract program, which was launched in 2011, was intended to develop 40 MW of distributed generation by 2015. But to date, only 20 MW have been developed. NERI further stated that the RE Growth program was designed to enroll 105 MW by now. However, National Grid reported only 70 MW were enrolled, with all but 7 MW yet to be built. NERI concluded that it was the responsibility of the DG Board to determine why projects under the Distributed Generation Standard Contracts program and the RE Growth program failed to achieve enrollment targets. NERI also objected to the State's failure to include "real and calculable benefits" of distributed generation in accordance

[37] *Id.* at 14-15.
[38] *Id.* at 7, 14.
[39] On December 12, 2017, NERI filed a Motion to Intervene which was granted in accordance with PUC Rules of Practice and Procedure 1.13(e). In this docket, NERI's membership consists of Newport Solar, Heartwood Group, Inc., Providence Energy, LLC, and Green Development, LLC.
[40] NERI Objection at 2 (Dec. 15, 2017); http://www.ripuc.org/eventsactions/docket/4774-NewEnergyRI-Objection(12-14-17).pdf. Seth H. Handy, Esq. also represented New Energy Rhode Island.

with Docket No. 4600.[41] NERI offered, as examples, the DG Board's failure to implement locational incentives, as authorized by R.I. Gen. Laws § 39-26.6-22,[42] and the DG Board's failure to consider environmental benefits, including carbon emissions and system benefits, when establishing ceiling prices.[43] NERI asserted that, as the administrator of the RE Growth program, National Grid has a conflict because distributed generation impedes the Company's goal to maximize profits from large capital investments in transmission and distribution infrastructure.[44]

Finally, NERI noted that National Grid has the discretion to reallocate unused capacity in a program year from undersubscribed categories to oversubscribed categories. While there was unused capacity in some categories of the program year at issue, National Grid had yet to reallocate the remaining capacity. NERI recommended that the DG Board take control of reallocation and commit to making unused capacity available within a set time.[45]

On January 19, 2018, NERI provided prefiled testimony of Fred Unger, principal of the Heartwood Group, Inc., which centered around the DG Board's proposed ceiling prices. Mr. Unger stated that for over a decade he had been a clean energy project development representative responsible for the development of over eighty renewable energy projects in Massachusetts and Connecticut with combined capacity over ten megawatts. Mr. Unger stated that his primary responsibilities included assuring the financial feasibility and technical quality of projects, as well as overseeing the design and local, state, and federal permitting processes. Mr. Unger testified that, based on his experiences, the CREST model, developed and used by Sustainable Energy

[41] *Id.* at 3.
[42] R.I. Gen. Laws § 39-26.6-22 provides that National Grid, in consultation with the DG Board and OER "may propose to include an incentive-payment adder to the bid price of any winning bidder that proposes a distributed-generation project in the desired geographical area."
[43] R.I. Gen. Laws § 39-26.6-5(a) provides that the DG Board may specifically consider environmental benefits, including, but not limited to, reducing carbon emissions and system benefits, when setting ceiling prices.
[44] NERI Objection at 3-4.
[45] *Id.* at 4-5.

Advantage, assumed an after-tax rate of return too low to attract investment for large solar, medium solar, and large wind projects. He contended the rate of return did not reflect that investments in these projects inherently carry more risk than investments in more established markets.[46] In support of his position, Mr. Unger noted that numerous projects that had won awards under the Distributed Generation Standard Contracts program or the RE Growth program were not built within their allotted time. According to Mr. Unger, developers sacrificed their deposit rather than lose even more by building at the ceiling prices they were awarded.[47]

As further evidence that the proposed internal rate of return was too low, Mr. Unger cited significantly higher prices for community solar on farmland in eastern Massachusetts under that state's distributed generation program. According to Mr. Unger, the Massachusetts projects received about twice what the same project will get under the Rhode Island REG program.[48] Mr. Unger averred that ceiling prices were unnecessary and that developers should be allowed to bid at any price, with projects selected based on both price and benefit criteria until capacity allocation is filled.

Finally, Mr. Unger argued that that the numerous benefits distributed generation projects provide, as identified in Docket No. 4600, need to be considered when awarding projects. Those benefits include reduced emissions, avoided energy, capacity, transmission, and distribution infrastructure costs, as well as economic and system benefits.[49] Finally, Mr. Unger stated that he and several NERI members had raised their concerns to the DG Board regarding the low internal rate of return and the need to incorporate the benefits of these projects in the ceiling prices.[50]

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[46] Unger Test. at 2-4 (Jan. 19, 2018); http://www.ripuc.org/eventsactions/docket/4774-NERI-SuppMemo-Unger(1-17-18).pdf.
[47] *Id.* at 5.
[48] *Id.* at 6.
[49] *Id.* at 8-9.
[50] *Id.* at 9-10.

### B. Division's Comments

On January 27, 2018, Division consultant Carrie Gilbert filed a memorandum in support of the recommended classes, ceiling prices, and capacity targets.[51] Ms. Gilbert indicated that she reviewed the inputs used to determine the 2018 solar ceiling prices and found them to be reasonable.[52] Ms. Gilbert agreed with the DG Board's decision to open the medium solar tranche to competitive bidding, reasoning that competitive bidding "should catch cost reductions not captured by the ceiling prices."[53] Ms. Gilbert also noted that the prices for Small Solar I and Commercial Solar declined from 2017 prices, due to lower estimated installed costs for both classes and an exemption from local property taxes for the residential projects included in Small Solar I. She remarked that development of hydropower, wind, and anaerobic digestion technologies had been very limited under this program, the result of a number of factors, including ceiling prices that were too low for development. For that reason, Ms. Gilbert stated the 2% decrease for Anaerobic Digestion in the 2018 ceiling price, as compared to the 2017 ceiling price, was reasonable.[54] Finally, noting that the ceiling prices for the Community Remote projects were about 15% percent higher than the corresponding prices established for the same technology and size in the existing classes, Ms. Gilbert offered that the increase was largely due to customer acquisition costs.[55]

Ms. Gilbert also asserted that the proposed 2018 allocation plan, which was exactly the same as the one in 2017, was reasonable and intended to promote consistency and predictability. She also supported the DG Board's recommendation for continuous open enrollment for the small

[51] Gilbert Memo. (Jan. 23, 2017); http://www.ripuc.org/eventsactions/docket/4672-DPU-Gilbert-CPMemo_1-23-17.pdf.
[52] *Id.* at 3-4.
[53] *Id.* at 4.
[54] *Id.*
[55] *Id.* at 5.

solar program.[56] She noted that, in previous years, the DG Board had given National Grid discretion to reallocate a portion of the small solar and medium solar allocations during any of the enrollment periods and she supported this flexibility for 2018. Ms. Gilbert reasoned that it could result in allocation of greater capacity to larger projects where prices were lower and competitively determined.

### C. National Grid's Reply Comments

On January 22, 2018, Mr. Springsteel filed a letter in response to NERI's December 13, 2017 objection in this docket.[57] Mr. Springsteel asserted that NERI's suggestions regarding National Grid's administration of the RE Growth program were contrary to "highly prescriptive" statutory requirements.[58] He explained that the Company administers the RE Growth program based on the RE Growth laws, PUC orders, and decisions the DG Board makes, including ceiling prices. He also asserted that projects were being built in a timely manner after customers enroll in the program. Mr. Springsteel noted that of the 85 solar projects greater than 25 kW or of technologies other than solar, only two had cancelled their enrollment in the RE Growth program.[59] Mr. Springsteel acknowledged that the majority of the enrolled projects were not yet operational, but offered that development of the facilities required local permitting and zoning, negotiation of land rights, and the securing of financing, all of which take time, particularly in a relatively new market such as Rhode Island.[60]

Regarding NERI's position that ceiling prices are too low, Mr. Springsteel replied that all projects over 250 kW had been competitively bid since the establishment of the program, with the

[56] *Id.*
[57] Letter of Ian Springsteel at 1 (Jan. 23, 2018).
[58] *Id.*
[59] *Id.*; National Grid Resp. to PUC 1-1(b).
[60] Letter of Ian Springsteel (Jan. 23, 2018).

majority of bids "well below the maximum price allowed, over multiple years and solicitations."[61] In response to NERI's contention that there was unused capacity in the program year, Mr. Springsteel stated that the capacity available in 2017 was fully utilized and, in fact, the small-scale solar class was over-enrolled. He acknowledged that an unknown number of small-solar class projects awarded certificates of eligibility (COE) in the 2017 program year were not moving forward, and indicated the Company was in the process of identifying these projects and terminating the COEs. The Company planned to re-allocate the capacity in February 2018.[62]

Finally, Mr. Springsteel disputed NERI's contention that the Company had not offered locational incentives because it considered distributed resources a threat to its ability to invest in wires infrastructure. He described the Company as an active and supportive partner "in establishing the broad framework of renewable standards, programs, contracting requirements, community renewables, and the RE Growth program."[63]

## IV. Hearing

### A. Distributed Generation Board's Filing

The PUC held a hearing on both the Company's and DG Board's filings on January 24, 2018.[64] During the hearing, the DG Board offered the testimony of its consultant, Jason Gifford, Sustainable Energy Advantage, in support of the DG Board's proposed ceiling prices and megawatt allocations.[65] Mr. Gifford stated that he analyzed recently enacted federal tax reform law to assess potential effects on the recommended 2018 ceiling prices. Mr. Gifford explained that several provisions of the new law potentially effect renewable energy growth projects,

[61] *Id.* at 2.
[62] *Id.*, see also Letter of Raquel J. Webster (Dec. 20, 2018).
[63] *Id.* at 3.
[64] On January 10, 2018, the PUC also held a Technical Records Session in this docket to discuss the Cadmus Group, Inc.'s report, *Study of Renewable Energy Installation Quality in the Renewable Energy Growth Program* (April 20, 2017)
[65] Hr'g Tr. at 26-27 (Jan. 24, 2018); *see also* Sustainable Energy Advantage Mem. (Jan. 22, 2018).

including the decrease in the corporate tax rate from 30% to 21%, the application of tax credits, depreciation, interest deductibility, and state tax deductibility against federal income tax liability. Mr. Gifford also stated that the federal changes may effect the availability and expected cost of tax equity for renewable generation projects.[66] Mr. Gifford opined that the net effect of the changes in the federal tax law is an increase in the recommended 2018 ceiling prices.[67]

Mr. Gifford also testified that the internal rate of return assumed in the CREST model for large solar, medium solar, and large wind was 8.3%. This input was updated to reflect the new tax law changes. The final ceiling recommendations included an internal rate of return of 9.4% for all three categories.[68] Mr. Gifford later testified that, in developing the internal rate of return, he solicited input from stakeholders. Only four solar developers provided comments. Mr. Gifford also consulted a periodic industry publication that summarizes transactions and rates of return. Developers in Rhode Island do not share with Mr. Gifford their financial data or other supporting information such as balance sheets or earnings reports.[69]

Mr. Gifford asserted that evidence relating to the reasonableness of the internal rate of return assumption is reflected in the bids. Participating developers submit bids that they believe would earn a reasonable rate of return at bid prices that are in most cases less than the ceiling prices.[70] Mr. Gifford stated that while cost-effectiveness is reflected in the ceiling prices, environmental and societal benefits are not.[71] Mr. Gifford also noted that wind is the only technology category in which ceiling prices incorporate assumptions regarding suboptimal deployment of the resource.[72] Mr. Gifford added, however, that optimal deployment of wind

[66] Gifford Hr'g Tr. at 28.
[67] *Id.* at 76.
[68] *Id.* at
[69] *Id.* at 58-59.
[70] *Id.* at 62.
[71] *Id.* at
[72] *Id.* at 67.

resources would require development along the coast, which is unrealistic. The recommended ceiling prices are intended to create a program that allows participation by wind developers.[73]

Ms. Gilbert testified on behalf of the Division and opined that the revised ceiling prices filed on January 22, 2018 were reasonable based on the recent federal tax law changes and the recently imposed tariff on solar panels.[74]

**B. National Grid's Proposed Tariff and Rules Changes**

Ian Springsteel testified in support of the Company's changes to its tariffs and solicitation and enrollment process rules. Regarding system sizing, Mr. Springsteel stated that net metering systems are measured in alternating current, but RE Growth systems are measured in direct current. Because of this difference, National Grid cannot establish uniform sizing methodologies for the two programs.[75] Regarding the 2017 program year performance, Mr. Springfield reported that the small solar class of 6.55 MW was fully subscribed as of October 2017, suggesting that ceiling prices should be lower or the capacity for this class should be larger. Mr. Springsteel also reported that the third enrollment was fully subscribed for medium solar and all competitive classes, including Community Remote projects. The Company enrolled one hydroelectric project which did not use all available megawatt capacity. The unused kilowatts were transferred to other classes that were oversubscribed. According to Mr. Springsteel, the third enrollment was more than four times oversubscribed.[76]

Regarding residential small solar class capacity notification, Mr. Springsteel stated that approximately 900 kilowatts awarded COEs in program year 2017 may not be utilized. According to Mr. Springsteel, the Company has sent notification via email to the holders of those certificates

[73] *Id.* at 66-67.
[74] Hr'g Tr. at 188-189.
[75] Hr'g Tr. at 108-110.
[76] Hr'g Tr. at 114-116.

to determine if they intend to terminate their enrollment. If the certificate holder confirms that it will not move forward with the project, the Company will make available any terminated capacity, allowing this class to reopen.[77]

Mr. Springsteel next addressed the Company's proposed minimum bill credit, which would provide a small financial benefit to customers at no cost. Because developers are not billing customers for these small credits, it eliminates the credit risk associated with customers who do not pay their bills. Mr. Springsteel explained that a developer's ability to get financing is based upon the combined credit scores of all the customers who have signed up under contract. For this reason, developers are discouraged from enrolling customers with poor credit. Low income solar advocates advised the Company that not billing customers for the minimum bill credit would be a significant advantage for the low-income community.[78]

Regarding the Company's proposed performance standards, Mr. Springsteel stated that the Company was exceeding the two standards related to simple systems and would meet the third standard in 2018. Mr. Springsteel believed that the proposed standards would not create new value for consumers, but would ensure that customers continue to receive very good or exemplary service from the Company in getting their meters set and receiving their first bills in a timely manner.[79] Mr. Springsteel later testified that achieving the metrics would not require any changes to the filed budget.[80]

Regarding the Company's statutorily authorized remuneration,[81] Mr. Springsteel confirmed that the estimated remuneration expense associated with the 2018 program year would

[77] *Id.* at 117-119; Letter of Raquel J. Webster (Dec. 20, 2017).
[78] Hr'g Tr. at 134-136.
[79] Hr'g Tr. at 158-160.
[80] Hr'g Tr. at 182.
[81] R.I. Gen. Laws § 39-26.6(12)(j) allows the Company to earn an incentive for administering the RE Growth program. To avoid confusion with performance-based incentives paid out under the tariffs, the Company's earned incentive is referred to as "remuneration."

be included as part of total expenses of the 2018 RE Growth program and recovered through the Company's cost recovery and reconciliation filing for the 2018 program year. Mr. Springsteel also acknowledged that cost recovery of the Company's remuneration under the Long Term Contracting program is backward-looking, and based on actual remuneration earned during the previous year.[82]

Mr. Christopher Rauscher, Sunrun's Director of Public Policy, testified that, as a rule, his company does not oversize solar systems anywhere in the country. While Rhode Island is unique with a three-year historical usage requirement, the State is consistent with the general practice around the country of not oversizing projects. Sunrun uses proprietary software to appropriately size systems in sixty-six utility districts across the country, including National Grid's territories outside of Rhode Island. But, it is unable to use the software in Rhode Island because of National Grid's sizing methodologies for RE Growth systems. Mr. Rauscher stated that Sunrun is excited to enter the Rhode Island market and appreciated the collaboration of all parties to address Sunrun's concerns raised in this docket.

Fred Unger testified that, in his experience, low ceiling prices have resulted in poor program performance of RE Growth projects. Mr. Unger stated that one of his primary services is to provide construction oversight and commissioning. In this capacity, Mr. Unger indicated he has seen a lot of poor design and poor construction and poor commissioning of various projects.[83] Mr. Unger opined that higher ceiling prices might attract better bidders with better projects. Mr. Unger also suggested that ceiling prices reflect the value of environmental and economic benefits of distributed generation. Finally, Mr. Unger contended that ceiling prices should include

[82] Hr'g Tr. at 179-181; *see also* R.I. Gen. Laws § 39-26.1-4.
[83] *Id.* at 201.

transmission-cost avoidance benefits.[84] Mr. Unger requested that, going forward, the PUC order the DG Board to comprehensively consider additional benefits using something like the methodology it uses in setting ceiling prices and, further, to provide for the fair allocation of those benefits between ratepayers and the project sponsors, developers, and owners.[85]

## VII. Commission Findings

### A. DG Board's and OER's Filing

At an Open Meeting on February 9, 2018, the PUC voted unanimously to approve the DG Board's 2018 Renewable Energy Growth Program Ceiling Prices contained in the January 22, 2018 Sustainable Energy Solutions memorandum which reflected the effects of recent federal tax reform and federal solar tariff changes. The PUC, however, expressed several concerns, as discussed below.

#### a. Locational Incentives

The Commission found that ceiling prices should support the integration of distributed renewable generation in a manner that achieves optimal allocation of benefits for the overall distribution system. The RE Growth law allows the Company to encourage distributed generation projects in designated geographical areas within its load zone where there is an identifiable system benefit, reliability benefit, or cost savings to the distribution system in that geographical area.[86] National Grid, in consultation with the DG Board and OER, may propose an incentive-payment adder to the bid price of any winning bid that proposes a DG project in a desired area. The Company may also propose other incentive payments to achieve additional technical or public policy objectives that provide identifiable benefits to customers.[87]

[84] *Id.* at 205.
[85] *Id.* at 205-206.
[86] R.I. Gen. Laws § 39-26.6-22.
[87] *Id.*

The PUC noted that at the December 20, 2017 Open Meeting, the Commission approved the Company's 2018 System Reliability Procurement (SRP) Report, which included funding and performance incentive mechanisms for the development of a heat map, a distributed generation focused map, location-based avoided costs, and requests for proposals for non-wires alternatives.[88] The approach that the PUC has approved so far is premised on the foundation that information about grid constraints and potential system benefits should drive decision making. The information provided by the heat map, DG-focused Map, and location-based avoided costs will inform developers of the relative value of distributed generation sited at different locations in the system. All developers will be able to use this information in their decision making.

The PUC is cognizant of an alternative perspective on locational incentives that evaluates grid benefits of distributed generation on a case-by-case basis and then provides a developer with a locational incentive that reflects the value of those grid benefits. While the PUC recognized that this approach could be implemented faster, the PUC found the more comprehensive approach approved in the 2018 SRP Report would provide a level playing field for all developers to understand the relative value of distributed generation on the grid, which ultimately should lead to a lower system cost overall.

The PUC noted the Company's September 25, 2017 presentation to the DG Board regarding locational incentives included a description of the Company's considerations of possible bases for locational incentives, how they might be paid, and a high-level time line for next steps. The PUC urged the Company to align these considerations of locational incentives for the RE Growth program with the system reliability and portal work approved in Docket No. 4756. The

[88] Docket No. 4756; http://www.ripuc.org/eventsactions/docket/4756page.html.

PUC encouraged the Company to set reasonably aggressive time frames to address the urgency for locational incentives reflected in NERI's testimony.

**b. Internal Rate of Return**

The record indicated that the DG Board determined the target internal rate of return (IRR) from a survey responded to by four stakeholders on the tax equity to cash equity ratio, a periodic industry publication, and considering whether the previous year's ceiling prices attracted bids and enrollment participation. The PUC found these inputs made a thin evidentiary record to support the proposed target IRR. The PUC also expressed concern that the ceiling prices were based primarily on regional and national studies and surveys that represented few stakeholder perspectives. NERI's witness testified that ceiling prices were too low and thus developers were not earning the target internal rates of return. Unfortunately, NERI did provide any evidence to support its argument.

The PUC noted that the DG Board's process for establishing ceiling prices stands in marked contrast to the more robust process currently underway for determining National Grid's rate of return in Docket No. 4770. In that docket, the substantial record allows the Commission to compare National Grid's cost of equity, cost of debt, and risk to that of other similarly situated utilities. Given such detailed evidence about the Company's finances, the PUC should find substantial support upon which to ground its evaluation and determinations of the revenue requirement, allowed rate of return, and resulting rates.

During the evidentiary hearing in this matter, the Commission asked about several additional information sources that could potentially support the proposed ceiling prices and internal rate of return, including reviewing the finances of Rhode Island developers. If requested or if necessary, this information could be granted confidential treatment in accordance with PUC

rules. While the PUC appreciated Mr. Gifford's comments that bidding and participation is an indication of a reasonable ceiling price and IRR, the PUC noted that some enrollment categories are not competitive, such as small scale solar I and II. Ideally, the PUC would prefer more evidence to support the target internal rate of return. If the DG Board is unable to provide a more robust evidentiary case, it would be helpful if intervening parties with concerns could provide information to prove the rates of returns being realized by Rhode Island developers.

**c. Project Success Rate**

The record in this docket showed that 47.1% of the target megawatt capacity for Program Year 2015 was commercially operational; 16.8% and 13.1% of the target megawatt capacity was commercially operational for Program Years 2016 and 2017, respectively.[89] Mr. Unger contended that projects are not getting built in Rhode Island because ceiling prices are too low. But, he failed to provide sufficient to support that case. The DG Board did not offer any testimony or explanation for this data. The PUC found that the record did not prove level of project completion should be expected. From the record in this docket, the PUC cannot determine whether the average realized rate of return across all projects is equal to the proposed target rate of return. Neither can the PUC determine if the target rate of return appropriately reflects the level of risk associated with DG development. More evidence is necessary to show whether the ceiling prices reflect the appropriate level of risk. The parties must provide some evidence to show that the average rate of return of developers enrolled in the RE Growth program is significantly lower than the target internal rate of return set by the DG Board.

[89] National Grid's Resp. to PUC 1-1.

### d. Value of Solar and Docket 4600

Mr. Unger suggested using a value-of -solar approach to setting ceiling prices. The PUC noted that one effect of a value-of -solar approach is that the total value, and thus the ceiling price, for a particular project would be largely driven by the project's location, requiring a determination of whether a system is located on a circuit where it is effectively reducing load. Bigger projects might tend to be sited differently and might be more likely to be sending power over long distances. Behind-the-meter projects might have additional reliability or resiliency benefits. The PUC noted that the ceiling price recommendations must comply with Docket No. 4600 Guidance Document requirements. The PUC reminded the parties that, under the Docket No. 4600 guidelines, the 2019 ceiling price recommendations should consider system benefits and environmental benefits, which may take the form of locational and temporally-dependent ceiling prices.

## B. National Grid's Proposed Tariff and Rules Changes

### a. Remuneration

National Grid currently recovers its statutorily authorized remuneration for administering the RE Growth program in advance, on an estimated basis, subject to annual reconciliation of actual performance-based-incentive payments made the previous year. The PUC found that the Company's concurrent recovery of remuneration under the RE Growth program is inconsistent with the Company's recovery of remuneration under the Long-Term Contracting program. In Docket No. 4338, the PUC authorized the Company to collect remuneration under the Long-Term Contracting program on a retrospective basis. The PUC based its decision on the Division's recommendation and the language of R.I. Gen. Laws § 39-26.1-4, requiring remuneration based on actual payments made under the contracts. The PUC found it is logical to have consistent recovery of remuneration under both the Long-Term Contracting program and the RE Growth

program. Accordingly, it ordered the Company to collect on a retrospective basis remuneration based on the actual performance-based-incentive payments made the prior year.

**b. Tariff Issues**

At an Open Meeting on February 10, 2018, in Docket No. 4672, the PUC directed National Grid to include performance metrics for PUC consideration in its 2018 RE Growth Program Year filing "that shall include interconnection, and may include performance metrics for administrative costs, capturing capacity value, capturing the value of the excess generation, addressing customer and/or applicant issues, and additional performance metrics as determined by National Grid."[90]

The PUC found that performance metrics should hold the utility accountable to the realization of new consumer and societal benefits and incentivize behavior that the utility would not otherwise undertake. The Company proposed three performance metrics in this docket related to the timeliness of setting meters and initially billing accounts for RE Growth projects. The record indicated that, in 2017 the Company surpassed the first metric (90% of simple meters set within ten business days); achieved 94.89% of the second metric (90% of simple accounts billed within forty-five days); and 44% of the third metric. For the last full program year, the Company surpassed the first metric; achieved 99.67% of the second metric; and 92.56% of the third metric. The Company asserted that it will not need to do anything differently to meet the targets in 2018, and that the targets can be achieved with "customer attention to accurate and timely delivery of bills."[91]

In addition, the Company testified that the customer benefits resulting from these metrics are timeliness, explaining that the meters will be set quickly and that the meters will be set more

[90] Open Meeting minutes (Feb. 10, 2017); http://www.ripuc.org/eventsactions/minutes/021017.pdf.
[91] National Grid's Resp. to PUC 2-8.

accurately.[92] The Company also testified that increased accuracy of meter sets and first bills will reduce rework, second visits, clerical time spent correcting errors, and resolving customer complaints. The Company did not provide any further explanation regarding the nexus between timeliness and accuracy, or the metrics and accuracy. Based on the foregoing, the PUC found that the record did not demonstrate how the metrics hold the Company accountable to the realization of these benefits.

The Company also asserted that the metrics are somehow responsive to customer complaints regarding finalization of the electrical inspection, subsequent installation of the meter, and the timing and accuracy of the first bill. [93] During discovery, the Company provided a log of customer complaints received since April 2017. [94] The Company's response included a table documenting seventeen complaints and the nature of each complaint. None of the complaints concerned timeliness of meter set or timeliness of the first bill. The PUC found that the record did not support the Company's assertion that the proposed metrics are responsive to customer complaints.

While National Grid indicated that it considered other potential metrics, such as time to process account changes and the time to resolution on any customer issues,[95] it does not appear from the record that the Company considered any metrics regarding reducing administrative costs, capturing capacity value, or capturing the value of excess generation.

Finally, the PUC addressed the Company's cost to achieve the metrics. First, the PUC calculated the Company's performance in Program Year 2019 based on its performance in

[92] National Grid's Resp. to PUC 2-3 and 2-4.
[93] National Grid's Resp. to PUC 2-5.
[94] National Grid's Resp. to PUC 1-1-f. The table did not include complaints about system sizing corrections, inquiries about application status, or calls that were resolved immediately.
[95] National Grid's Resp. to PUC 2-6.

Program Year 2018. In 2018, if the Company almost achieved 90% for the first two metrics, but only achieved 80% for metric A, the Company's remuneration would be reduced by $23,859. If the Company's timeliness is worse than in previous years, the Company's remuneration would be reduced by $49,122. The Company has not calculated the value of the benefit of increased timeliness to consumers, so it is not possible to compare the cost of achieving the metric to the potential benefit to consumers.

Finally, the PUC stated that the performance metrics in this docket must be considered as part of a broader package of incentives proposed by the Company in Docket No. 4770, the general rate case filing, and Docket No. 4780, the Proposed Power Sector Transformation Vision and Implementation Plan. The PUC found that any proposed metric must hold the Company accountable to the realization of new consumer and societal benefits and incentivize behavior that the utility would not otherwise undertake. Based on the record in this docket, the Company has failed to meet this standard. The PUC, therefore, approved the metrics, but only to track performance, with no financial reward attached. The PUC ordered the Company to include in the 2019 RE Growth Program Year filing a report of its performance relative to the metrics.

**c. Sunrun's Comments and Recommendations**

In response to Sunrun's comments regarding the need for improved transparency of the Company's capacity tracking, the PUC found the Company's commitment to streamline the website and to provide weekly updates on capacity to be reasonable. Regarding the use of two years of consumption history when the statutorily required three-year usage history is unavailable, the PUC found that it lacks authority to change the statutory requirement for usage. However, the Company acknowledged the need to improve access to data for new load and estimating annual usage for customers with short periods of billing activity. The Company represented that it will

introduce an automated interconnection portal during the 2018 Program Year. According to the Company, the automated portal will facilitate development of guidance and estimation tools which will be available to installers for Program Year 2018.

With respect to Sunrun's suggestion of a uniform sizing formula for Rhode Island net metering and RE Growth programs, the PUC found the Company's explanation that uniform sizing was difficult or not workable because electrical output is measured differently for each program to be reasonable. The PUC noted that no evidence or testimony contradicted the Company's explanation. Finally, the PUC expressed its appreciation for the Company's willingness to collaborate with the DG Board and explore system-specific sizing methodology. The PUC encouraged the Company to address those issues between now and the 2019 RE Growth Program Plan filing, as suggested in its January 23, 2018 reply comments.

At an Open Meeting held on February 9, 2018, the PUC approved the DG Board's recommended 2018 RE Growth program ceiling prices, as modified by the January 22, 2018 Sustainable Energy Solutions, memorandum reflecting the effect of federal tax reform and federal solar tariff changes. At an Open Meeting held on February 16, 2018, the PUC approved the DG Board's recommended 2018 RE Growth program classes and capacity targets as filed.

Accordingly, it is hereby

(23630) ORDERED:

1. The Rhode Island Distributed Generation Board's Report and Recommendations Relating to the 2018 Renewable Energy Growth Program Classes, Ceiling Prices, and Targets submitted on November 15, 2017, as modified by Sustainable Energy Solutions, Inc.'s, January 22, 2018, memorandum reflecting the effect of federal tax reform and federal tariff

changes, is approved. The classes, ceiling prices, and targets contained in the filing are incorporated by reference and attached to this Order as Exhibit A.

2. The Renewable Energy Growth Program Tariff and Solicitation and Enrollment Rules proposed by Narragansett Electric Company d/b/a National Grid on November 17, 2017 and January 8, 2018 are hereby approved as filed, subject to the following modifications:

    a. The Narragansett Electric Company d/b/a National Grid's proposed performance metrics for the Renewable Energy Growth Program are approved for tracking and reporting purposes only and no remuneration shall attach.

    b. The Narragansett Electric Company d/b/a National Grid shall track and report data for each performance metric in its RE Growth filing for Program Year 2019.

3. All Renewable Energy Growth Program Tariffs and Solicitation and Enrollment Rules hereinafter filed by Narragansett Electric Company d/b/a National Grid shall be consistent with this Order, unless otherwise modified by subsequent order of the PUC.

EFFECTIVE AT WARWICK, RHODE ISLAND ON APRIL 1, 2018 PURSUANT TO OPEN MEETING DECISIONS ON FEBRUARY 9, 2018 AND FEBRUARY 16, 2018. WRITTEN ORDER ISSUED JULY 12, 2019.

PUBLIC UTILITIES COMMISSION

Margaret E. Curran, Chairperson

Marion S. Gold, Commissioner

Abigail Anthony, Commissioner

**Notice of Right of Appeal**: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the PUC may, within 7 days from the date of the Order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or Order.

## Exhibit A

The DG Board recommended the following classes and eligible system sizes for solar, wind, anaerobic digestion, and small-scale hydropower for 2018:

### Table I

| Technology Class | Eligible System Sizes |
|---|---|
| Small Solar I | 1 to10 kW DC |
| Small Solar II | 11 to 25 kW DC |
| Medium Solar | 26 to 250 kW DC |
| Commercial Solar | 251 to 999 kW DC |
| Large Solar | 1 to 5 MW DC |
| Small Wind | 10 to 999 kW DC |
| Large Wind | 1 to 5 MW DC |
| Anaerobic Digestion | ≤ 5 MW DC |
| Small Scale Hydropower II | ≤ 5 MW DC |
| Community Remote – Commercial Solar | 251 to 999 kW DC |
| Community Remote – Large Solar | 1 to 5 MW DC |
| Community Remote – Large Wind | 1 to 5 MW DC |

The DG Board recommended the following ceiling prices for 2018:

### Table II

| Technology | Ceiling Prices (¢/kWh) |
|---|---|
| Small Solar I (15-Year Tariff) | 31.25 |
| Small Solar I (20-Year Tariff) | 27.75 |
| Small Solar II | 26.55 |
| Medium Solar | 22.45 |
| Commercial Solar | 17.65 |
| Large Solar | 14.65 |
| Small Wind | 20.85 |
| Large Wind | 16.35 |
| Anaerobic Digestion | 19.75 |
| Small Scale Hydropower | 23.35 |

The DG Board proposed the following ceiling prices for Community Remote Distributed Generation for 2018:

**Table III**

| **Technology** | **Ceiling Prices (¢/kWh)** |
|---|---|
| Community Remote – Commercial Solar | 20.30 |
| Community Remote – Large Solar | 16.85 |
| Community Remote – Large Wind | 18.05 |

The DG Board proposed the following allocation for 2018:

| **Technology/Classes** | **Megawatt/Kilowatt Allocation** |
|---|---|
| Small Solar I & II | 6.55 MW DC |
| Medium Solar | 3.0 MW DC |
| Commercial Solar | 5.0 MW DC |
| Community Remote - Commercial Solar | 3.0 MW DC |
| Large Solar | 12.05 MW DC |
| Community Remote - Large Solar | 3.0 MW DC |
| Small Wind | 0.400 kW DC |
| Community Remote and Non-Community Remote Wind I, II and III | 6.0 MW DC |
| Anaerobic Digestion I<br>Anaerobic Digestion II<br>Small Scale Hydropower I<br>Small Scale Hydropower II | 1.0 MW DC |
| **Total** | **40 MW** |