

To: Rhode Island Division of Public Utilities and Carriers
From: Al Pereira & Dick Hahn – La Capra Associates, Inc.
Re: Distributed Generation Standard Contracts Act - Ceiling Prices and Class Targets for 2013
Date: January 2, 2013

On December 28, 2012, we submitted a memorandum summarizing the results of our review of the 2013 DG ceiling prices. In that memorandum, we noted that the assumed installed cost for a 1.5 MW wind project increased to \$3,200 per KW from \$2,750 per KW. We also noted that the capital cost for this subclass is higher than that of the 750kW subclass, which was not included in the 2012 DG filing. This increase does not comport with our experience in reviewing wind projects, and we submitted data requests seeking the basis for the increase.

The responses to three of those four questions were received later on December 28th. A response to the fourth question would require the disclosure of confidential project data. We reviewed the data requests provided and held a conference call with the OER's consultant - Mr. Robert Grace - to discuss the confidential data. Based upon that discussion, we are satisfied that the proposed ceiling prices for 2013 wind projects are supported by the data available to OER and are therefore reasonable.

Attachment I

Summary of 2013 Proposed Ceiling Prices and Class Targets

Exhibit A to OER Report and Recommendation on 2013 Distributed Generation Classes, Ceiling Prices, and Targets (November 29, 2012)

EXHIBIT A

Rhode Island Office of Energy Resources Recommended Target Classes, Ceiling Prices, and Targets (Allocations) for the 2013 Distributed Generation Standard Contracts Program

OER recommends that National Grid conduct three (3) enrollments in 2013 and award 4.6 MW of projects in each enrollment, for a total of 13.8 MW of Distributed Generation projects in 2013.

Recommended Technology Classes and Targets (Allocations)

<u>Technology & Class</u>	<u>Small DGSC Enrollment Program</u> <u>Allocation (kW/MW)</u>
Wind: 50 kW - 1.5 MW	1.5 MW
Small Solar PV: 50-100 kW	300 kW
Small Solar PV: 101-250 kW	250 kW
Small Solar PV: 251-500 kW	750 kW
Anaerobic Digestion: 400-500 kW	500 kW

<u>Large DGSC Enrollment Program</u>	
Large Solar PV: 501 kW and above and	1.3 MW total ⁵
Anaerobic Digestion: 501 kW and above	(for 2 technologies)
Total MW	4.6 MW

Recommended Ceiling Prices (¢/kWh), by Technology Class

<u>Technology, sub-class</u>	<u>2013 Proposed Ceiling</u> <u>Price w/PTC</u>	<u>2013 Proposed Ceiling</u> <u>Price w/o PTC</u>
Solar, 501 kW+	24.95	N/A
Solar, 251 – 500 kW	28.40	N/A
Solar, 101 – 250 kW	28.80	N/A
Solar, 50 – 100 kW	29.95	N/A
Wind, 1 – 1.5 MW	16.80	18.60
Wind, 200 – 999 kW	18.15	19.95
Wind, 50 – 100 kW	24.65	N/A
AD, 400 kW – 500 kW	18.55	19.55
AD, 501 kW and above	18.55	19.55
Hydro, 500 kW – 1 MW	17.90	18.85

⁵ Subject to increase as explained in OER's Report of November 29, 2012.