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Via Hand Delivery

January 8, 2013

Luly E. Massaro, Commission Clerk
Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

**In Re: Office of Energy Resources Report and Recommendation
Regarding Distributed Generation Classes and Ceiling Prices
(PUC Docket No. 4288)**

Dear Luly:

I am enclosing for filing an original and ten (10) copies of the Statement of The Rhode Island Office of Energy Resources dated January 8, 2013.

Please acknowledge receipt of this filing on the enclosed copy of this letter and the Statement and return them to the messenger making this delivery. Thank you.

Sincerely,



Peter V. Lacouture



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

**IN RE: OFFICE OF ENERGY RESOURCES
REPORT AND RECOMMENDATION
REGARDING DISTRIBUTED GENERATION
CLASSES AND CEILING PRICES**

DOCKET NO. 4288

STATEMENT OF THE RHODE ISLAND OFFICE OF ENERGY RESOURCES

(January 8, 2013)

As explained in the Statement filed on behalf of the Office of Energy Resources (“OER”) on January 4, 2013, the American Taxpayer Relief Act of 2012, which was signed into law on January 2, 2013, included the extension of important federal renewable energy incentives. Sustainable Energy Advantage (“SEA”), OER’s consultant, reviewed the new law for OER and has advised as follows:

1. Section 331 of the American Taxpayer Relief Act of 2012 (H.B. 8) extends fifty percent (50%) bonus depreciation to qualifying projects placed in service before January 1, 2014;
2. Section 407(a) extends the Production Tax Credit (PTC) to qualifying facilities “the construction of which begins before January 1, 2014”; and
3. Section 407(b) allows qualifying facilities to make an irrevocable election to take the Investment Tax Credit (ITC) in lieu of the PTC.

As a result of this review, SEA has re-calculated the 2013 ceiling prices. OER recommends to the Commission that it approve two (2) sets of ceiling prices, the first with ITC and bonus depreciation and the second with ITC but without bonus depreciation. The price to be paid by National Grid will depend on (i) whether the subject facility is placed in service in 2013, and, if not, (ii) whether Congress renews bonus depreciation for 2014. Attached as Exhibit A is a

revised summary sheet showing the classes, ceiling prices, and targets. Attached as Exhibit B is SEA's comparison of the recommended ceiling prices with the 2011/2012 ceiling prices and the proposed 2013 ceiling prices as originally filed by OER on November 29, 2012.

Respectfully submitted,

Rhode Island Office of Energy Resources

By its Attorneys,

A handwritten signature in black ink, appearing to read "Peter V. Lacouture", written over a horizontal line.

Peter V. Lacouture
Robinson & Cole LLP
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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)

Small DGSC Enrollment Program

<u>Technology & Class</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

Large DGSC Enrollment Program

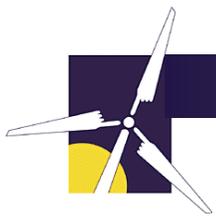
Large Solar PV: 501 kW and above and Anaerobic Digestion: 501 kW and above	1.3 MW total ¹ (for 2 technologies)
Total MW	4.6 MW

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

<u>Technology, sub-class</u>	<u>2013 Proposed Ceiling Price w/ITC and Bonus Depreciation</u>	<u>2013 Proposed Ceiling Price w/ ITC but Without Bonus Depreciation</u>
Solar, 501 kW+	23.95	24.95
Solar, 251 – 500 kW	28.00	28.40
Solar, 101 – 250 kW	28.60	28.80
Solar, 50 – 100 kW	29.65	29.95
Wind, 1 – 1.5 MW	14.25	14.80
Wind, 200 – 999 kW	15.55	16.20
Wind, 50 – 100 kW	23.55	24.65
AD, 400 kW – 500 kW	13.40	14.15
AD, 501 kW and above	13.40	14.15
Hydro, 500 kW – 1 MW	-----	-----

¹ Subject to increase as explained in OER's Report of November 29, 2012.

PUC Dkt 4288 - Exhibit B to OER Stmt (1-8-13)



Technology, sub-class	2011/2012 CP (¢/kWh)	2013 Proposed CP, As Filed, <u>with</u> ITC/PTC (¢/kWh)	2013 Revised CP <u>with</u> ITC & Bonus Depreciation (¢/kWh)	2013 Revised CP w/ITC but <u>without</u> Bonus Deprec. (¢/kWh)
Solar, 500 kW+	28.95	24.95	23.95	24.95
Solar, 251 – 499 kW	31.60	28.40	28.00	28.40
Solar, 101 – 250 kW	33.35 (for 150 kW)	28.80	28.60	28.80
Solar, 50 – 100 kW	33.35 (for 150 kW)	29.95	29.65	29.95
Wind, 1 – 1.5 MW	13.35	16.80	14.25	14.80
Wind, 200 – 999 kW	N/A	18.15	15.55	16.20
Wind, 90 – 100 kW	N/A	24.65	23.55	24.65
AD, 400 – 500 kW	N/A	18.55	13.40	14.15
AD, 500 kW +	N/A	18.55	13.40	14.15
Hydro, 500 kW – 1 MW	N/A	17.90	Not modeled	Not modeled

CERTIFICATE OF SERVICE

I hereby certify that on the 8 day of January, 2013, that I transmitted an electronic copy of the within Statement of the Rhode Island Office of Energy Resources to the attached service list and to Luly Massaro, Commission Clerk via electronic mail and hand delivery.



Docket No. 4288 – Office of Energy Resources Filings: 1) Proposed Distributed Generation (DG) Standard Contract Act Classes and Ceiling Prices for 2011; and 2) Proposed DG Standard Contract; and

Docket No. 4277 – National Grid National Grid – Distributed Generation Enrollment Application & Enrollment Process Rules

Service Lists updated 12/5/12

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