



Memorandum, revised

From: People's Power & Light,
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To: RI Public Utilities Commission

Date: Nov. 8, 2011, 4:55 pm

Re: bullet points re reply comments re Dockets No. 4277 and 4288 for Nov. 9 Technical Session

People's Power & Light sees many points raised in its comments that have not been adequately addressed by the reply comments of the Office of Energy Resources, in 4288 and by National Grid in 4277. Below are the most important issues to resolve, in our opinion:

- **Avoided cost:** PP&L suggests a way to resolve this conflict is to for the PUC to explicitly name the ceiling prices to be avoided cost for their particular classes of renewables, *at least* for this program, and in net metered projects as long as net excess generation is purchased through the DG program rather than compensated as a net metering credit as per statute 39-26.4-2(4). The program was structured to set the ceiling prices at the least viable cost for projects in each class, which was intended to dovetail with the new FERC allowance for states to set their own avoided costs for required purchases of specific classes of renewable power.
- **Bundling and unbundling of products:** Resolution of this issue should studiously avoid commerce clause challenges and recover the best prices for ratepayers. The PUC should examine whether this would be by allowing the utility to sell each product separately anywhere in the NE-ISO markets, at the best price for ratepayers, with recovery to ratepayers.
- **Removing the requirement to prove projects are good for "economic development for RI":** We still believe this should be done, regardless of Long Term Contract statute, so that if that section of the law is unduly restrictive, the DG program need not be. The intent of connecting to the local grid is to gain the inherent economic values of distributed generation, including local economic development, but need not restrict interstate commerce of the developers or the products. This point is moot if the economic development criteria is seen as a justification and purpose of the program, rather than a selection criteria, as per the threshold requirement issue below.
- **Filing not precedential:** Statute requires the DG Board to revise the contract, etc., as needed: strong advice by PUC in this regard could increase competition and reduce future prices by making quotas easier to reach at lower prices.
- **Shifting risk to National Grid from the developers is in the ratepayers' interest:** The primary ways to do this would be:
 - to eliminate or ease the utility's requirement for **production testing**.
 - to remove the **draconian canceling of contract** if project sometimes produces less than anticipated. It is enough incentive to keep the project at full operation where possible that they are paid on a production basis.
 - to remove other **threshold requirements** and the excessive discretion retained by the utility to determine which projects are viable. The high cost of the studies and the performance guarantee were intended to avoid DG program and interconnection applications by spurious or high-risk projects.