



TO: Rhode Island Public Utilities Commission

FROM: Marion Gold, Commissioner, RI Office of Energy Resources

RE: Docket 4404 – Commission Review into the Adequacy of Renewable Energy Supplies Pursuant to R.I. General Laws §39-26-6

DATE: October 23, 2013

The RI OER urges the PUC to continue with the current RES compliance schedule and to stand by the State Commitment to the inclusion of renewable energy resources in the RI power supply portfolio. Our rationale is as follows:

- The Resource Adequacy Study commissioned by National Grid indicates that if the LTC projects (BI and the landfill project) are completed on schedule, **RI will have an adequate supply of RECs to continue with the compliance schedule outlined in state law.**
- If the LTC projects are delayed, the Resource Adequacy Study concludes that “**it is possible**” that there will be a shortfall of RECs in 2015. However, the report notes that it is **likely that the shortfall will be lower in Rhode Island than in other states.**
- Thus, at a minimum, **it is premature** to make a determination now that there are not adequate RECs to meet RI’s commitment to renewable energy in compliance year 2015.
- Moreover, the intent of the RPS is to stimulate the market for renewable energy generation in Rhode Island and regionally:
 - If National Grid is not able to obtain a sufficient quantity of RECs on the market, **the company is obligated to make an Alternative Compliance Payment to the State of RI.**
 - **The ACP funds will be used to develop renewable energy projects in Rhode Island, directly supporting the local economy, stimulating local jobs and businesses and reducing energy costs for Rhode Islanders.**
- The local investments in the RI energy system are critically important as Rhode Island works with the utility and private investors to develop an energy infrastructure for the 21st century.
 - The power sector faces a level and complexity of risks that is unprecedented in the industry’s history.
 - Diversification – investment in various energy supply resources, including local renewable energy – reduces the risks of the overall energy portfolio.

- **The goal is not to simply keep costs down today but to minimize overall costs in the long term.** Forward-thinking regulations will benefit the utility as well as the citizens and businesses in Rhode Island.
- **Distributed generation, demand response and energy efficiency will be a part of the utility's business future.** Energy regulators must be informed, active and consistent in their regulations and they must establish the right incentives for utilities. Backing away from our commitment to renewable energy sends the wrong signal and will not benefit RI.

In the long run, the OER supports the approach of supplying RECs for Standard Offer and reducing LTC costs by crediting back to distribution customers the market costs charged to Standard Offer customers for their RES obligation. However, this support should not be used as an excuse to back away from the State's commitment to renewable energy.