



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Rhode Island Division of
Public Utilities and Carriers
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Warwick RI 02888
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December 15, 2015

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

**In Re: Docket No. 4589-A National Grid 2016 Renewable Energy Growth
Program Tariff and Rule Changes and Proposed SolarWise Program**

Dear Luly,

Please find for filing an original and nine (9) copies of the Division of Public Utilities and Carriers, (the "Division") Memorandum authored by Mr. Alvaro E. Pereira of Daymark Energy Advisors on behalf of the Division, setting forth his findings and recommendations relating to National Grid's proposed revisions to the 2016 Renewable Energy Growth Program Tariff and Rules, in addition to the proposed SolarWise Program for 2016 for consideration by the Public Utilities Commission (the "Commission") in its review of the above captioned docket.

The Division submits this Memorandum in lieu of pre-filed testimony and will have its consultant Mr. Alvaro E. Pereira of Daymark Energy Advisors available at hearing.

I appreciate your cooperation in this matter.

Very truly yours,

Jon G. Hagopian
Senior Legal Counsel

cc: Thomas F. Ahern, Administrator
Stephen Scialabba, Chief Accountant



MEMORANDUM

TO: RHODE ISLAND DIVISION OF PUBLIC UTILITIES AND CARRIERS

FROM: ALVARO E. PEREIRA — DAYMARK ENERGY ADVISORS

DATE: DECEMBER 14, 2015

SUBJECT: NATIONAL GRID'S TARIFF'S PROPOSED 2016 RENEWABLE ENERGY GROWTH PROGRAM TARIFF AND RULE CHANGES AND PROPOSED SOLARWISE PROGRAM— DOCKET No. 4589-A

In this memo, I summarize the results of our review of the proposal by National Grid (or “the Company”) to implement the Rhode Island Renewable Energy Growth Program (“RE Growth Program”) for 2016. The Company’s proposal is very similar to last year’s inaugural proposal under the RE Growth Program, except for the introduction of the SolarWise Program and a pilot program to support participation by customer groups that have either been underrepresented in prior solicitations or are not able to utilize federal tax benefits. Overall, we believe that the proposed Enrollment Application and Process Rules and Tariffs filed by the Company (and the two new programs) may be reasonable, depending on resolution of certain issues discussed below. Issues regarding the actually target levels and related ceiling prices, which are to be included in the proposed tariffs when available, will be covered in a separate memo in relation to Docket No. 4589-B.

SOLARWISE PROJECT SIZING

The Company’s tariff language regarding the SolarWise program (section f.d.) specifies that “The solar DG Project must be sized such that it produces output that is no greater than the historic or projected load (per Section 1 above) less the energy efficiency savings from installed energy efficiency measures used to qualify the customer for the SolarWise Bonus Award.” It is unclear what “Section 1” refers to and how output is to be measured. By contrast, the 2016 SolarWise Guide (provided as Attachment IS-1), provides a more detailed discussion of output and also includes discussion of adjustments for load from excluded/exempt technologies¹, which is not mentioned in the tariff or program rules. I recommend that the definition (and any necessary calculations and adjustments) used to size solar

¹ These technologies are also discussed in the Company’s witnesses’ testimony at 23.

facilities to be developed under the SolarWise program be clarified in the tariff to be consistent with the more detailed description found in the SolarWise Guide.

SOLARWISE MARKETPLACE COSTS

The SolarWise program features a “Marketplace”, which is a form of online clearinghouse where solar vendors and SolarWise participants can obtain and exchange information in order to support potential transactions between customers and vendors. Customers who contract with vendors through the Marketplace will then be eligible for bonus RE Growth payments if they meet certain savings targets. The Company is proposing to utilize a vendor, Energy Sage, Inc., to develop, operate, and manage the SolarWise Marketplace and has provided an estimate of costs (setup and operating) in Attachment IS-2. In addition, the Company has proposed that fees be collected from solar vendors selected by customers and that execute solar installation contracts with customers.

Attachment IS-2 in the Company’s filing shows an estimate of \$147,000 for National Grid’s share of vendor fees in the 2016 Program Year. As discussed on page 14 of the Company’s testimony, revenues from vendor fees are shared between Energy Sage and National Grid, which has proposed to pass through its share of vendor fee revenues to ratepayers. We agree that National Grid’s share of vendor fees should be returned to ratepayers to offset the REG program costs that would otherwise have to be recouped from ratepayers. This is the \$147,000 shown on IS-2. However, the total amount of revenues from vendor fees that is collected by Energy Sage (as well as the particulars of the sharing arrangement) has not been publically disclosed, thus prohibiting analysis of the total costs of the Marketplace. In addition, the revenues shared with ratepayers can be compared to initial setup costs of \$77,500 and annual operating costs of \$174,313 for the 2016 Program Year, leaving a deficit specifically related to the setup and operation of Marketplace component of the SolarWise Program of approximately \$105,000 (not including the bonus payments), which will presumably be added to other RE Growth costs and collected from all ratepayers. Given the benefits that are being provided to vendors through the Marketplace—discussed on p. 15 of the Company’s witnesses’ testimony—it is reasonable to expect vendors to fully support the setup and operating costs of the Marketplace instead of ratepayers paying for the costs of the Marketplace. These additional revenues could be collected through higher fees to vendors that execute contracts with customers, assessing revenues on all vendors that use or participate in the Marketplace, or altering the revenue sharing mechanisms with Energy Sage to provide National Grid (and thus ratepayers) a higher share of assessed vendor fees.

NON-PROFIT, AFFORDABLE HOUSING, INCOME ELIGIBLE CUSTOMERS

The Company has also proposed a pilot program to make RE Growth performance-based incentives (“PBI”) available at higher levels to “non-profit, affordable housing, income eligible customers. However, the description or eligibility guidelines for participating in the pilot are not discussed in the tariff, enrollment rules, or customer guide. Some detail is provided in the 2016 DG Board Report that was filed in Docket 4589-B, but further explanation and guidance should also be included in the Company’s materials.