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November 13, 2015

SENT VIA HAND DELIVERY AND ELECTRONIC MAIL:

Luly E. Massaro
Commission Clerk
Rhode Island Public Utilities Commission
89 Jefferson Boulevard
Warwick, Rhode Island 02888

Re: Rhode Island Distributed Generation Board Report and Recommendation Regarding 2016 Renewable Energy Growth Classes, Ceiling Prices and Targets (Docket No. 4536)

Dear Ms. Massaro:

Enclosed for filing on behalf of the Rhode Island Distributed Generation Board ("Board") is an original and ten (10) copies of the Board's Report and Recommendations regarding the 2016 renewable energy growth program classes, ceiling prices and targets.

Sincerely,

Daniel W. Majcher, Esq.

DWM/njr

Enclosure

c. Kenneth Payne
Christopher Kearns
Docket List - 4536

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

REPORT AND RECOMMENDATION OF THE RHODE ISLAND DISTRIBUTED GENERATION BOARD ON 2016 RENEWABLE ENERGY GROWTH CLASSES, CEILING PRICES, AND TARGETS

I. Introduction

The Distributed Generation Board ("Board") hereby submits its recommendations to the Public Utilities Commission ("Commission") regarding ceiling prices and annual targets in accordance with R.I. Gen. Laws § 39-26.6-4(a)(1) and the applicable provisions of R.I. Gen. Laws § 39-26.2-4 and § 39-26.2-5.

The Renewable Energy Growth ("REG") Program, R.I. Gen. Laws § 39-26.6-1 et seq. requires the Board to develop and recommend ceiling prices for tariffs under the REG Program to the Commission for review and approval. The REG Program also requires the Board to develop and recommend to the Commission annual megawatt ("MW") targets for enrollments by specified renewable energy technology classes for the program year. This is the second year in which the Board has made submissions to the Commission under the REG Program, in replacement of the Distributed Generation Standard Contracts ("DGSC") Program, which ran from 2011 to 2014. A list of Board members is attached as **Exhibit A**.

This filing contains the Board's Report and Recommendations for the 2016 Renewable Energy Growth Program Classes, Ceiling Prices, and Targets (hereafter "Report"). The Board's 2016 REG program recommendations are summarized in **Exhibit B**, attached hereto and explained further in the Report. The Board's meetings regarding the REG Program and their associated public workshops served two purposes: (1) to fulfill the requirements of this submission to the Commission; and (2) to provide for a transparent and open process in developing the 2016 REG Program. The public meetings provided the Board with input from the Office of Energy Resources ("OER"), National Grid, the Board's technical consultant Sustainable Energy Advantage ("SEA"), and stakeholders interested in the REG Program.

The Board held meetings (which included time for public comment), and public workshops on May 18th, June 15th, July 23rd, August 17th, September 21st, and October 19th. Highlights of the 2015 meetings include: the Board voting to select SEA to conduct analyses in support of the recommended 2016 ceiling prices; National Grid presentations on the rules, regulations and applications for the REG Program, as well as the new SolarWise program; two public presentations on the development and recommended ceiling prices; and discussions by the Board on the eligible technologies, allocation plan, and program parameters – which included discussion of the inputs into the ceiling price development.

II. 2015 Results of the REG Program

The Rhode Island solar market continues to grow as both national and local solar businesses become familiar with the REG Program and educate various market segments (including residential and small businesses) about it. The Board and OER expect the market – and the number of applications to the REG Program – to continue to grow as the industry gains a better understanding of the REG Program mechanics, application and tax filing processes. The commercial market was very strong in 2015, with full subscriptions in the large and commercial solar programs, as well as the wind program. The uptake for the medium solar class was not as robust, but the Board was able to shift the allocation to support other projects in 2015. The Board and OER expect to see an increased level of activity in the medium solar class in 2016. Overall, both the Board and OER are pleased with National Grid's execution and implementation of the first year of the REG Program.

III. Program Expansion in 2016

The megawatt allocation for 2016 by statute is a substantial increase over all prior years. The megawatt allocation for 2016 of 40 MW is equal to the total MW allocations under the four years of the DGSC Program. The REG Program for 2016 is designed to reach a broader set of energy users including moderate and low income households and non-profits entities with smaller electrical loads. The Solar Wise program is a new addition to the REG Program and has the possibility of decreasing solar project sizes and therefore capital into each installation. Thus, under a set megawatt allocation, more projects could be undertaken; increasing the number of

solar projects and meeting greenhouse emission goals established in the Resilient Rhode Island Act of 2014.

IV. The Basic Requirements of the REG Program

The applicable provisions of the REG law pertaining to the development of ceiling prices are as follows:

(17) "Ceiling price" means the bidding price cap applicable to an enrollment for a given distributed-generation class that shall be approved annually for each renewable-energy class pursuant to the procedure established in this chapter. The ceiling price for each technology should be a price that would allow a private owner to invest in a given project at a reasonable rate of return, based on recently reported and forecast information on the cost of capital, and the cost of generation equipment. The calculation of the reasonable rate of return for a project shall include, where applicable, any state or federal incentives, including, but not limited to, tax incentives.

(d) The board shall use the same standards for setting ceiling prices as set forth in § 39-1 26.2-5. In setting the ceiling prices, the board may specifically consider:

(1) Transactions for newly developed renewable energy resources, by technology and size, in the ISO-NE control area and the northeast corridor;

(2) Pricing from bids received during the previous program year;

(3) Environmental benefits, including, but not limited to, reducing carbon emissions;

(4) System benefits; and

(5) Cost effectiveness.

V. 2016 REG PROGRAM

a. Technology Classes and System Sizes

The anticipated outcomes for the 2016 REG Program are the following:

1. A diversified renewable energy program, in accordance with the purposes of RIGL ch. 39-26.6, with a portion of the MW capacity to support each sector.

2. As appropriate, continued decreases in ceiling prices in each technology – signaling increased program cost effectiveness.

3. Economic development in the renewable energy market.

4. Implementation and ongoing evaluation of a Pilot Program to support the sectors that either can't use federal Investment Tax Credits (i.e. non-profit, churches, schools, etc.), or can't effectively leverage these tax credits (i.e. low- and moderate-income families) and have not been active participants in the DGSC Program or the first year of the REG Program.

The Board recommends the following in Table I for the classes and system size eligibility for solar, wind, anaerobic digestion and small scale hydropower. With the exception of an additional wind class for three-turbine projects (between 3 and 5 MW), the 2016 REG Program includes the same technology and classes that were filed and approved for the 2015 REG Program:

Table I

Technology	**Eligible System Sizes**
Small Solar I – Host Owned	1 to10 kW DC
Small Solar I – Third Party Owned	1 to 10 kW DC
Small Solar II	11 to 25 kW DC
Medium Solar	26 to 250 kW DC
Commercial Solar	251 to 999 kW DC
Large Solar	1 to 5 MW DC
Wind I	1.5 to 2.99 MW DC
Wind II	3.0 to 5.0 MW DC
Wind III	3.0 to 5.0 MW DC
Anaerobic Digestion I	150 to 500 kW DC
Anaerobic Digestion II	501 kW to 1 MW DC
Small Scale Hydropower I	10 to 250 kW DC
Small Scale Hydropower II	251 kW to 1 MW DC

Pilot Program

The Board established a "Working Group" to examine and develop 2016 ceiling prices for non-profit properties that are unable to use the federal tax credit incentives (churches, schools, affordable housing properties) or unable to effectively leverage these federal tax credits (i.e. low- and moderate-income families). Prior to the establishment of the Board's Working Group, these sectors have been under-represented in the DGSC Program and the first year of the REG Program. The Board proposes this "Pilot Program" in an effort to increase participation in these sectors during the 2016 REG Program. The Working Group created three (3) ceiling price categories which were given to SEA to incorporate in the 2016 ceiling prices. Table II provides

the individuals/organizations who were involved in the Working Group, which met over the spring, summer, and fall of 2015.

Table II

Name	Organization
Shauna Beland	OER
Chris Kearns	OER
Tony Avant	RI Housing
Russell Johnson	RI Housing
Stan Greschner	GRID Alternatives
Laura Rodormer	National Grid
Fred Unger	Heartwood Group
Sharon Conard-Wells*	West Elmwood Housing Development Corp
Christian Belden	Church Community Housing
Mike Guerard+	Optimal Energy
Marty Davey	New Ecology, Inc.
Julian Dash	Clean Economy Development
Charlie Harak	National Consumer Law Center
Sam Bradner*	Peregrine Energy Group

*DG Board Member

+Consultant to the Energy Efficiency and Resource Management Council

The Board recommends the following classes in Table III be approved for the Pilot Program:

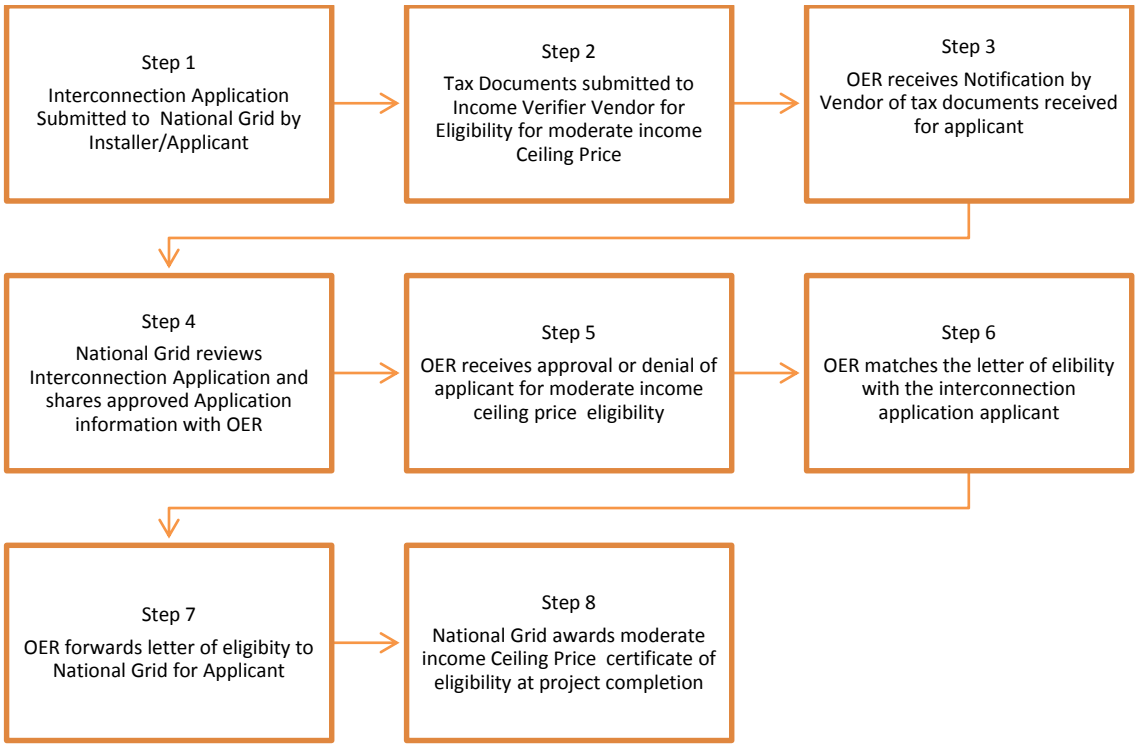
Table III

Technology	Eligible System Sizes
Small Scale Solar – Residential or non-profit mastered single unit building	1 to10 kW
Small Scale Solar - Residential, Small Commercial, or non-profit master metered multi-unit building (2-4 tenant units)	11 to 25 kW
Medium Solar – Non-profit or multi-unit (5 or more tenant units) master metered building	26 to 250 kW

OER is in the process of securing a vendor to conduct income and tax exempt status verification services for Rhode Island residents and property owners interested in owning a residential, commercial, or non-profit photovoltaic (PV) project, in order to qualify their eligibility for the affordable/non-profit small and medium scale ceiling prices under the 2016 Renewable Energy Growth Pilot Program.[1] It is expected the RFP to secure a vendor will be released by the State in December 2015 and that the vendor will be under contract before the program year begins on April 1, 2016, if the Commission approves the Pilot Program as part of the 2016 REG Program.

OER will provide technical oversight and management of the vendor, as well as the administrative support to National Grid for the three (3) additional ceiling pricing categories. In addition, OER will assume the cost of the services provided by the vendor. This amount is expected to be $5,000 to $7,000 during the Pilot Program year. The chart below indicates how the application process will work for income verification. A similar process will occur for tax exempt verification.

[1] Neither National Grid, nor OER, will receive confidential tax documentation from applicants. Instead, all tax documentation will flow through the selected vendor.



The selected vendor will also be expected to maintain an income verification and tax exempt request project tracker to be shared with OER and National Grid staff. Confidential information will not be included in the project tracker. The tracker may include but is not limited to, the following information:

- System Owner Name
- Program ID (as defined by National Grid)
- Project Status (eligible, not eligible, pending)
- Timeline of income verification or tax exempt status (Income verification request receiving, Request for Transcript of Tax Return form submitted to IRS, Eligibility Letter Submitted, etc.)
- Filing status (Individual, Domestic Unit)
- High level notes for OER and National Grid

It is also expected that the selected vendor will maintain anonymous System Owner income data, for purposes of evaluating ceiling price efficacy. This data will be shared with SEA when developing the 2017 ceiling prices.

b. Recommended Ceiling Prices

The Board, with SEA and OER, considered the following data when developing the ceiling prices recommendations:

1. State or federal incentives including, but not limited to, tax incentives;
2. Transactions for newly developed renewable energy resources, by technology and size, in the ISO-NE region and the northeast corridor;
3. Pricing for DGSC contracts executed between 2011 and 2014 and first year of the REG Program;
4. Municipal Property Taxes;
5. Rhode Island and Massachusetts Interconnection Costs;
6. Cost effectiveness for the eligible technology; and
7. Public Comments and Data received from stakeholders, including estimates of the cost and performance of their projects currently under development.

The Board developed ceiling price recommendations for each technology listed in Table I above. The Board recommends that the small and medium solar classes' ceiling prices include the thirty percent (30%) federal investment tax ("ITC") credit. Small and medium-scale solar projects have relatively short development timelines and can take advantage of the 30% ITC before the end of 2016. Commercial and large solar projects can take over a year to become operational, so it is unrealistic to expect these projects to be able to leverage the 30% ITC before the end of 2016. After December 31, 2016, the ITC for solar projects drops to ten percent (10%), and the Board recommends that the ceiling prices for these two solar classes include the ITC at 10%.

The Board recommends ceiling prices for the wind, anaerobic digestion and small-scale hydropower classes without the federal production tax credit (or ITC in lieu thereof) because this incentive is not currently available. Federal accelerated depreciation benefits, which do not expire, are assumed captured. While the PTC has expired, the Board nonetheless asked SEA to prepare alternate ceiling price scenarios in the event that new federal tax incentives are enacted and applicable for the 2016 REG Program. OER will monitor federal legislative activity around

renewable energy incentives with the Rhode Island Congressional Delegation Offices over the next few months. In the event that new federal renewable energy incentives are established, the Board will take those developments into account and could potentially make revisions to the ceiling prices. Any changes would take effect prior to an open enrollment period, and would also affect small solar applicants that are awarded tariffs after any revisions are approved. OER will notify the Commission immediately if Congress enacts any federal incentives that are applicable to the 2016 REG Program.

2016 Ceiling Price Development

The Board contracted with SEA to perform the analysis supporting ceiling price development for the 2016 REG Program, pursuant to a Request for Proposals issued by State Purchasing in April, 2015. SEA has previously advised the development of the 2011, 2012, 2013 and 2014 DGSC and the 2015 REG ceiling prices. SEA used the Cost of Renewable Energy Spreadsheet Tool ("CREST") Model to evaluate potential 2016 ceiling prices. The CREST Model is current (May 2011) and is in the public domain. The CREST Model was published as a report of the National Renewable Energy Laboratory, a national laboratory of the U.S. Department of Energy, Office of Renewable Energy and Energy Efficiency.

To generate ceiling prices with the CREST Model, SEA collected data from similar renewable energy programs in Rhode Island, Massachusetts, Connecticut, Vermont, and New York. SEA also requested from National Grid the economic and interconnection data from the DGSC and REG applications submitted in 2011, 2012, 2013, 2014, and 2015. SEA, on behalf of the Board, also issued a survey to stakeholders at the beginning of the 2016 ceiling price development process (July 2015). SEA further requested data and comments from stakeholders to inform the development of the first, a second, and final drafts of the ceiling prices. SEA staff was made available to OER, Board members, and stakeholders during the development of the ceiling prices. SEA attended and participated in three (3) public meetings, including two public presentations on the ceiling prices and the October 19th Board meeting, where the 2016 REG Program Report was unanimously approved. Exhibit C provides the documents that were distributed to the Board and stakeholders during the development of the 2016 ceiling prices.

Tables IV and V provides the ceiling prices that the Board is recommending for 2016:

Table IV

Technology	Ceiling Prices (¢/kWh)
Small Solar I – Host Owned (15 Year Tariff)	37.65
Small Solar I – Host Owned (20 Year Tariff)	33.45
Small Solar I – Third Party Owned (15 Year Tariff)	29.90
Small Solar I – Third Party Owned (20 Year Tariff)	26.10
Small Solar II (11-25)	26.15
Medium Solar (26-250)	24.40
Commercial Solar	23.15
Large Solar	18.35
Wind I	24.45
Wind II	23.45
Wind III	22.65
Anaerobic Digestion I	21.20
Anaerobic Digestion II	21.20
Small Scale Hydropower I	21.00
Small Scale Hydropower II	19.75

Table V – Pilot Program

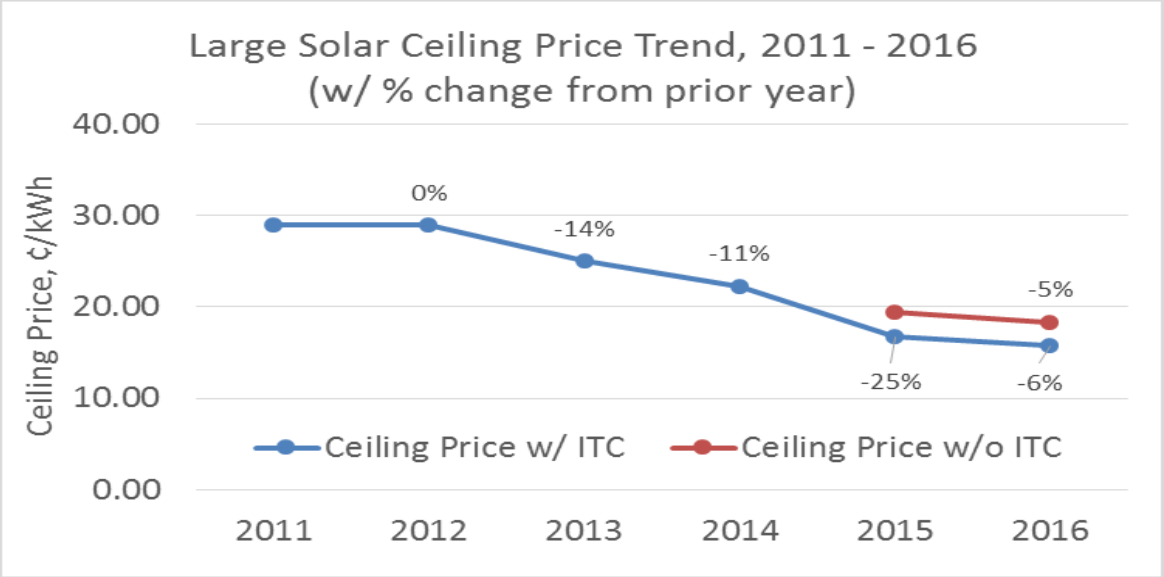
Technology	Ceiling Prices (¢/kWh)
Small Solar I – 1-10 kW (15 Year Tariff)	45.25
Small Scale Solar I – 1-10 kW (20 Year Tariff)	39.85
Small Scale Solar – 11-25 kW (20 Year Tariff)	30.15
Medium Solar – Non-profit or multi-unit (5 or more tenant units) master metered building	29.55

Solar (Modeling Inputs Sources) – SEA used information provided by stakeholders, as well as data from the Rhode Island Renewable Energy Fund, past DGSC and REG enrollments, National Grid, the Massachusetts SREC Database, the Massachusetts Commonwealth Solar Program, NYSERDA (the New York Power Clerks Database), Lawrence Berkeley National Laboratories, and the Department of Energy to determine inputs used in modeling. Interconnection cost data were provided by National Grid. SEA also reviewed data from the Department of Energy's *Tracking the Sun* Program.

Solar (Comparison to 2015 REG Ceiling Prices)-

Solar Ceiling Price Category	**% Change between 2015 Actual and 2016 Proposed Ceiling Prices**
Small Solar I (Host Owned)	-9% (15-yr tariff); -11% (20-yr tariff)
Small Solar I (Third Party Owned)	-20% (15-yr tariff); -21% (20-yr tariff)
Small Solar II	-12%
Medium Solar	0% (No change in tariff rate proposed)
Commercial Solar	-6%
Large Solar	-5%

The following chart summarizes the Ceiling Price trend for the Large Solar category from 2011 to 2016 (proposed), and includes the percentage change from year to year:



Changes in solar ceiling prices are based on updates to equipment and installation costs (including interconnection), as well as tax and financing assumptions, where applicable.

Wind I & II (Modeling Inputs Sources, and Comparison to Past DGSC Ceiling Prices) – SEA used information provided by stakeholders, as well as data from the Massachusetts Clean Energy Center and the Department of Energy to determine inputs used in modeling. Interconnection cost data were provided by National Grid. The proposed ceiling price would provide an eight percent (8%) increase compared to 2015 for the Wind I technology class, and a five percent (5%) increase for the Wind II technology class. This is the first year a ceiling price has been set for the Wind III technology class (sized 3.0-5.0MW), therefore no comparison to previous years can be made. The increase in ceiling prices for the Wind I and II technology classes is due to assumptions for increased interconnection cost and debt service reserve requirements.

The Board and SEA recommend these proposed ceiling prices, taking into account the difficulty of wind project siting and permitting, and the overall challenge presented by the development, financing and operation of small wind projects. These recommended ceiling prices are also based on the assumption that wind development in Rhode Island will likely take place in

inland, as opposed to coastal, areas; in inland areas wind regimes are weaker, reducing capacity factors, which increases ceiling prices.

Anaerobic Digestion I and II (Comparison to Past DGSC Ceiling Prices) – In 2014, there was only one Anaerobic Digestion technology class (50kW - 1.0MW). For the 2015 and 2016 REG Program, the ceiling price is recommended for both Anaerobic Digestion I and II technology classes. This proposed ceiling price would provide a three percent (3%) increase compared to 2015, due to (largely offsetting) changes in assumptions for station service, interconnection cost, fixed O&M and tipping fees, .

Small Scale Hydropower I and II (Comparison to Past DGSC Ceiling Prices) - In 2014, there was only one Small Scale Hydropower technology class (50kW - 1.0MW). For the 2015 and 2016 REG Program, a ceiling price is recommended for Hydro I and Hydro II. Both proposed hydro ceiling prices would provide a -2% change for 2016. This change is due to an update in the average effective property tax rate across RI.

Tables VI provides a comparison to the ceiling prices that were approved for the 2015 REG Program:

Table VI

2016 Renewable Energy Growth Program Recommended Ceiling Prices v. 2015 REG Approved Ceiling Prices (¢/kWh)				
2015 Technology Class	2015		2016	
	Size	Price (c/kWh)	Size	Price (c/kWh)
Small Solar I - Host -15 year tariff	1 - 10 kW	41.35	1 - 10 kW	37.65
Small Solar I - Host – 20 year tariff	1 - 10 kW	37.75	1 - 10 kW	33.45
Small Solar I - 3rd Third Party Owned/Financed – 15 year tariff	1 – 10 kW	37.60	1 - 10 kW	29.90
Small Solar I - 3rd Third Party Owned/Financed – 20 year tariff	1 - 10 kW	32.95	1 - 10 kW	26.10
Small Solar II	10 - 25 kW	29.80	10-25 kW	26.15
Medium Solar	26 - 250 kW	24.40	26-250 kW	24.40
Commercial Solar	251 - 999 kW	20.95	251-999 kW	23.15*
Large Solar	1 - 5 MW	16.70	1 – 5 MW	18.35*
Wind I	1500 - 2999 kW	22.75	1500 - 2999 kW	24.45
Wind II	3000 - 5000 kW	22.35	3000 - 5000 kW	23.45
Wind III	N/A	N/A	3000- 5000 kW	22.65
Hydro I	10 - 250 kW	21.35	10-250 kW	21.00
Hydro II	250 - 1000 MW	20.10	250-1000 kW	19.75
AD I	150 - 500 kW	20.60	150-500 kW	21.20
AD II	501 - 1000 kW	20.60	501-1000 kW	21.20
* This category ceiling price included a 30% ITC in 2015, and includes a 10% ITC for 2016.				

c. Recommended Allocation Plan, Table VII (below)

The 2016 REG Program will provide 40 MW of total nameplate capacity for fixed price and competitively bid projects. There will be 12.5 MW of capacity available for fixed priced projects and 27.5 MW available through a competitive bidding process. The Board released a first draft of the 2016 allocation plan and sought the Board and public comments.

The Board recommends the following annual allocation for 2016:

Table VII

Technology	**Kilowatt Allocation**
Small Solar I – Host Owned (15 Year Tariff)	5,500 kW DC
Small Solar I – Host Owned (20 Year Tariff)	
Small Solar I – Third Party Owned (15 Year Tariff)	
Small Solar I – Third Party Owned (20 Year Tariff)	
Small Solar II (11-25)	
Medium Solar (26-250)	5,000 kW DC
Commercial Solar	8,000 kW DC
Large Solar	9,000 kW DC
Wind I	9,000 kW DC
Wind II	
Wind III	
Anaerobic Digestion I	1,500 kW DC
Anaerobic Digestion II	
Small Scale Hydropower I	
Small Scale Hydropower II	
Pilot Program	
Small Scale Solar – Residential or non-profit mastered single unit building	

Small Scale Solar - Residential, Small Commercial, or non-profit master metered multi-unit building (2-4 tenant units)	1,000 kW DC
Medium Solar – Non-profit or multi-unit (5 or more tenant units) master metered building	1,000 kW DC
Total	40,000 kW DC

d. 2016 REG Enrollment Plan Recommendations

The Board recommends the following for the 2016 REG enrollments:

1. Allow the MW rollover rule for anaerobic digestion, small scale hydropower and wind technologies to occur during the first and second enrollments in 2016. If there are no projects submitted in the third enrollment for these technologies then the MW capacity can be redirected where there is the greatest demand during the third enrollment. This program process has been implemented by National Grid during the 2013-2014 DGSC and 2015 REG Programs.

2. National Grid shall have the ability to redirect 2.5 MW of capacity from the small solar program classes and 3 MW of capacity from the medium solar class to the large solar class during any of the three enrollment periods.

3. **Example:** National Grid can pull the MW capacity from those to two solar classes during the first open enrollment in the spring of 2016, if it chooses to award additional tariffs to large scale solar projects during that specific enrollment, but National Grid couldn't pull any further MW capacity from the small solar program for the remainder of the year and couldn't use any MW capacity from the medium solar class until the third enrollment period, if there are no medium solar applications submitted during that enrollment.

4. National Grid shall have the ability to redirect any unused MW capacity from the Pilot Program and the other non-small solar classes to where there is the greatest demand during the third enrollment.

SolarWise Program - The REG law allows National Grid to establish a program that coordinates capacity from the REG Program with the state's annual energy efficiency program. This new program is being branded as SolarWise, and the program will be able to utilize up to half of the megawatt capacity from the small and medium scale solar classes in 2016. National Grid's filings will provide the specific details of the SolarWise proposal, but OER and members of the Board met with National Grid over the summer and fall to discuss the framework, administration, and program operation in 2016. The Board and OER are pleased with National Grid's engagement and communication on this new program, and the Board unanimously endorsed that the SolarWise program be included as part of the 2016 REG Program.

Continuous Open Enrollment for Small Solar Class - The Board is recommending again that the small solar class of the REG Program be available year round. This is how the REG Program operated in 2015, and will allow homeowners, businesses, and renewable energy developers the ability to submit their tariff applications on a rolling basis to National Grid, instead of limiting it to three open enrollment periods. This recommendation would allow small solar projects to participate when they are ready. It will also help enable these solar classes leeway to apply in time to leverage the 30% ITC by the end of December 2016.

First Enrollment – The Board recommends the following in Table VIII for the first enrollment:

Table VIII

Technology	Kilowatt Allocation
Medium Solar (26-250)	5,000 kW DC
Commercial Solar	8,000 kW DC
Large Solar	9,000 kW DC
Wind I	9,000 kW DC
Wind II	
Wind III	
Anaerobic Digestion I	1,500 kW DC
Anaerobic Digestion II	
Small Scale Hydropower I	
Small Scale Hydropower II	

Second and Third Enrollments – The second and third enrollments would be adjusted depending on the results of the first enrollment.

e. REG Program Outreach Efforts for 2016

National Grid and OER plan to proactively promote the REG Program to municipalities, homeowners, small businesses, and commercial and industrial users and explore opportunities for those sectors to participate and install renewable energy systems in their town/city, on home or business properties.

IV. CONCLUSION

After an extensive and transparent development process, the Board voted unanimously on Monday, October 19, 2015 to approve recommendations in the Report including the: 2016 REG ceiling prices; 2016 Allocation Plan; 2016 Pilot Program; and National Grid's SolarWise Program. The Board and the OER respectfully request the Commission to approve the recommendations contained in this Report.

List of Exhibits

EXHIBIT A

Distributed Generation Board Members

Name	**Representing**	**Voting or Non-Voting Member**
Marion Gold	Office of Energy Resources	Non-Voting
Ian Springsteel	National Grid	Non-Voting
Kenneth Payne (Chair)	Energy Regulation and Law	Voting
Sue Anderbois (Vice-Chair)	Construction of Renewable Generation	Voting
William Ferguson	Large Commercial/Industrial Users	Voting
Sam Bradner	Small Commercial/Industrial Users	Voting
Kari Lang	Residential Users	Voting
Sharon Conard-Wells	Low Income Users	Voting
Sheila Dormody	Environmental Issues Pertaining to Energy	Voting

EXHIBIT B

Rhode Island Distributed Generation Board
Recommended Target Classes, Ceiling Prices, and Targets for the
2016 Renewable Energy Growth Program

The Board recommends that National Grid conduct three open enrollments in 2016, with the goal of 27.5 MW of projects being awarded tariffs. The Board also recommends that National Grid have a continuous open enrollment for the small solar category with the goal of awarding between 3 and 5.5 MW of tariffs to small solar projects under the REG Program and the first year of the SolarWise Program.

Recommended Technology Classes and Targets

Technology	Eligible Class	kW Allocations
Small Solar I – Host Owned	1 to10 kW	5,500 kW DC
Small Solar I – Third Party Owned/Financed	1 to 10 kW	
Small Solar II	11 to 25 kW	
Medium Solar	26 to 250 kW	5,000 kW DC
Commercial Solar	251 to 999 kW	8,000 kW DC
Large Solar	1 to 5 MW	9,000 kW DC
Wind I	1 to 1.65 MW	9,000 kW DC
Wind II	1.5 to 2.99 MW	
Wind III	3.0 to 5.0 MW	
Anaerobic Digestion I	150 to 500 kW	1,500 kW DC
Anaerobic Digestion II	501 kW to 1 MW	
Small Scale Hydropower I	10 to 250 kW	
Small Scale Hydropower II	251 kW to 1 MW	
Pilot Program		
Small Solar I	1 to10 kW	1,000 kW DC
Small Solar II	11 to 25 kW	
Medium Solar	26-250 kW	1,000 kW DC
Total		40,000 kW DC

Rhode Island Distributed Generation Board
Recommended Ceiling Prices (¢/kWh), by Technology Class

Technology and Eligible Class	**Ceiling Price w/30%ITC**	**Ceiling Price w/10%ITC**	**Ceiling Price w/PTC**	**Ceiling Prices No Federal Incentives**
Small Solar I – Host Owned (15 Year Tariff)	37.65	N/A	N/A	45.25
Small Solar I – Host Owned (20 Year Tariff)	33.45	N/A	N/A	39.85
Small Solar I – Third Party Owned (20 Year Tariff)	29.90	N/A	N/A	34.95
Small Solar I – Third Party Owned (20 Year Tariff)	26.10	N/A	N/A	30.25
Small Solar II	26.15	30.15	N/A	N/A
Medium Solar	24.40	29.55	N/A	N/A
Commercial Solar	20.25	23.15	N/A	N/A
Large Solar	15.75	18.35	N/A	N/A
Wind I	N/A	N/A	21.45	24.45
Wind II	N/A	N/A	20.45	23.45
Wind III	N/A	N/A	19.70	22.65
Anaerobic Digestion I	N/A	N/A	20.80	21.20
Anaerobic Digestion II	N/A	N/A	20.80	21.20
Small Scale Hydropower I	N/A	N/A	19.45	21.00
Small Scale Hydropower II	N/A	N/A	18.25	19.75

EXHIBIT C

Sustainable Energy Advantage Documents