



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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January 25, 2016

SENT VIA FIRST CLASS MAIL AND ELECTRONIC MAIL:

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

RE: 2016 Ceiling Prices for the Renewable Energy Growth Program
(Docket No. 4589-B)

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 Commission's Record Requests Directed to the Board (January 14, 2016) regarding the 2016 renewable energy growth program classes, ceiling prices and targets.

If there are any questions, please feel free to contact me.

Sincerely,

Daniel W. Majcher, Esq.

DWM/njr

Enclosure

c. Kenneth Payne
Christopher Kearns
Docket List: 4589-B

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

IN RE: REPORT AND RECOMMENDATION
OF R.I. DISTRIBUTED GENERATION BOARD
ON 2016 RENEWABLE ENERGY GROWTH
CEILING PRICES, CLASSES AND TARGETS

DOCKET NO. 4589-B

COMMISSION RECORD REQUESTS DIRECTED TO BOARD

(January 14, 2016)

Reply by January 22, 2016

REQUEST 1. When did the Working Group decide to extend the Pilot to median income level customers?

In September the Working Group discussed what income levels should qualify for the Pilot Program and the associated median income customers. OER worked on an RFP for income and tax exempt status verification for projects seeking to participate in the Pilot Program, including the median income customers. Rhode Island Housing and other Working Group members recommended that eligibility for the small scale solar residential/non-profit category be less or equal to 100% of the Rhode Island median income using the fiscal year numbers determined by the U.S. Department of Housing and Urban Development¹.

The Working Group was originally formed when members of the board vocalized that low-moderate income individuals and housing were not taking advantage of the program – and were not able to take advantage of the program. The name of the Working Group came from that initial mission. However, as the Working Group continued to meet through 2015, it became evident that other organizations with little to no tax obligations (such as 501c3's, churches, public schools, among others) were also disadvantaged in their ability to participate. The mandate of the Working Group grew. The Board will be renaming the Working Group at the next Board meeting in February.

REQUEST 2. What will be the eligibility criteria for all 3 Pilot classes, specifically the non-profit class, the affordable housing class, and the income eligible class?

Non-Profits: Non-profit entities with tax-exempt status with the federal Internal Revenue Service are eligible for all three ceiling prices under the Pilot program. Non-profits will need to demonstrate their tax-exempt status to OER, National Grid and the selected vendor.

Income Eligible: Eligibility shall be based on total household income, as determined by the System Owner's Federal Income Tax Return for the applicable year (Tax Return Form 1040 line 22)². A household may be based on an individual income or domestic unit income for households

¹ ¹ Based on RI median household income from HUD FY 2015

http://www.huduser.gov/portal/datasets/il/il15/index_il2015.html

² <https://www.irs.gov/pub/irs-pdf/f1040.pdf>

of two or more individuals. All individuals under the age of 18, and full-time students up to the age of 25 may be excluded. For the purposes of income verification, OER and the selected vendor will use the numbers from the U.S. Department of Housing and Urban Development (HUD) published by the end Quarter 1 of the fiscal year (March 2016) during the course of National Grid's program year (April 1 - March 31).

Affordable Housing: The building owner will need to provide evidence that the majority (50% or more) of the tenants are income eligible or demonstrate that the entity owning the building is tax-exempt, in the case of non-profit affordable housing property owners. The selected vendor will work with OER and National Grid to verify that the building owner and its tenants are eligible.

OER is in the process of issuing a RFP for a vendor to help assist OER and National Grid when determining eligibility for these three classes above. This vendor will provide services and assistance to OER and National Grid for the pilot program to verify non-profit, income eligible, and affordable housing status eligibility during the course of the program year. The RFP is expected to be released the week of February 1st on the OER website and out for bid for three weeks. The vendor will be on board prior to the Pilot launch date of April 1, 2016.

REQUEST 3. How many customers are estimated to be served by the Pilot?

If the Pilot Program is approved by the Commission; OER and the Working Group plan to advertise the Pilot Program to solar businesses, low/moderate income communities, churches, public schools and non-profit entities through solar business stakeholder meetings; residential meetings in targeted communities; church and non-profit events; and advertising on OER website and monthly newsletter. The Board's goal is to see 10-30 solar projects participating in each category of the Pilot Program in 2016.

REQUEST 4. Assume bonus depreciation in both the CREST Model and proposed ceiling prices of 23.50¢/kWh and 24.40¢/kWh, respectively, and provide the revised ceiling prices for same.

The Federal renewable energy incentives enacted in December 2015 included a re-establishment of Bonus Depreciation at 50% for 2015 – 2017, 40% for 2018, 30% for 2019, and 0% beginning in 2020.

This response summarizes the impact of Bonus Depreciation on the 2016 Recommended/2015 PUC-Approved Ceiling Prices and the Calculated 2016 Ceiling Price for the Medium Solar category.

Ceiling Price (CP) Calculations with and without Bonus Depreciation

Technology: Medium Solar (26 – 250)	<i>Without Bonus Depreciation</i> (¢/kWh)	<i>With Bonus Depreciation</i> (¢/kWh)	% Change
2016 Recommended CP/ 2015 PUC-Approved CP	24.40	23.40	-4%
2016 Calculated CP	23.50	22.55	-4%

On Tuesday, January 19th, the Board voted to recommend to the Commission that the medium solar ceiling price also factor in Bonus Depreciation, which was not available at the time of the Board’s vote on the 2016 REG Program Recommendations in October.

REQUEST 5. What debt was assumed for the Pilot ceiling prices?

<u>Pilot Program CP Category</u>	<u>% Debt</u>
Small Solar I: 1-10 kW (15 Year Tariff)	50%
Small Scale Solar I: 1-10 kW (20 Year Tariff)	50%
Small Scale Solar: 11-25 kW (20 Year Tariff)	50%
Medium Solar: Non-profit or multi-unit (5 or more tenant units) master metered building	50%