



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration
DIVISION OF LEGAL SERVICES
One Capitol Hill, 4th Floor
Providence, RI 02908-5890

Tel: (401) 222-8880
Fax: (401) 222-8244

January 8, 2016

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: 2016 Ceiling Prices for the Renewable Energy Growth Program
(Docket No. 4536-B).

Dear Ms. Massaro:

On behalf of the Distributed Generation Board, please find attached an original and ten (10) copies of the Sustainable Energy Advantages Memorandum regarding recommended adjustments to the ceiling prices for the 2016 Renewable Energy Growth Program. The recommended adjustments are being submitted because of federal energy legislation that was enacted in December 2015.

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: 4536-B

Sustainable Energy Advantage, LLC



10 Speen Street, 3rd Floor, Framingham, MA 01701 • Tel: 508.665.5850 • Fax: 508.665.5858 • bgrace@seadvantage.com • www.seadvantage.com

Memorandum

To: Office of Energy Resources
Distributed Generation Board

From: Jason Gifford, Sustainable Energy Advantage, LLC (SEA)

Date: January 7, 2016

Re: *Revision of Ceiling Price Recommendations for Passage of Federal Tax Incentives*

Dear OER Staff and DG Board Members,

On Friday December 18, 2015, President Obama signed two bills extending key renewable energy incentives. As a result, SEA recommends that the OER and DG Board submit revised Ceiling Price recommendations to the PUC, in order that the Commission may take into account the Federal tax incentives that will now be available to projects in Rhode Island contracted under the Renewable Energy Growth program. This is not the first time that end-of-year Federal legislation has required Ceiling Prices to be revised during a docket proceeding. OER had to adjust Ceiling Prices for the 2013 Distributed Generation Standard Contracts program under similar circumstances in January 2013.

This memo summarizes the November 2015 Ceiling Price recommendations and the proposed revisions thereto. Where applicable, the proposed revisions refer to the use of the “with PTC or ITC” Ceiling Price calculations that were developed with stakeholder input as part of the public process conducted between June and October 2015, but with the addition of bonus depreciation, which was also extended by Federal legislation at 50% for the years 2015 through 2017. For solar technologies, the revised recommendations assume that an extension of the 30% ITC to 12/31/2019 provides sufficient time to complete the development process. For non-solar technologies, the revised recommendations assume that projects will take action by 12/31/2016 sufficient to safe-harbor the PTC, or ITC in lieu of the PTC, at 100% of its current face value.

For several technology and size categories, the recent passage of Federal incentives is responsible for changing the Ceiling Price recommendations from a “no PTC/ITC” option to a “with PTC/ITC and bonus depreciation option.” These changes in recommended Ceiling Prices are summarized (both in ¢/kWh and as a % of PUC-Approved 2015 CPs) in the tables below.

Table 1: Revised Ceiling Price Recommendations

Technology	PUC-Approved 2015 Ceiling Prices (¢/kWh)	November 2015 Recommended 2016 Ceiling Prices (¢/kWh)	January 2016 Recommended Revised 2016 Ceiling Prices (including ITC/PTC & Bonus Depreciation) (¢/kWh)
Small Solar I – Host Owned (15 Year Tariff)	41.35	37.65	No Change
Small Solar I – Host Owned (20 Year Tariff)	37.75	33.45	No Change
Small Solar I – Third Party Owned (15 Year Tariff)	37.60	29.90	28.35
Small Solar I – Third Party Owned (20 Year Tariff)	32.95	26.10	24.70
Small Solar II (11-25)	29.80	26.15	24.90
Medium Solar (26-250)	24.40	24.40	No Change
Commercial Solar	20.95	23.15	19.30
Large Solar	16.70	18.35	15.10
Wind I	22.75	24.45	18.75
Wind II	22.35	23.45	18.00
Wind III	N/A	22.65	17.40
Anaerobic Digestion I	21.35	21.20	20.00
Anaerobic Digestion II	20.10	21.20	20.00
Small Scale Hydropower I	20.6	21.00	18.65
Small Scale Hydropower II	20.6	19.75	17.45
Pilot Program			
Small Solar I – 1-10 kW (15 Year Tariff)	N/A	45.25	No Change
Small Scale Solar I – 1-10 kW (20 Year Tariff)	N/A	39.85	No Change
Small Scale Solar – 11-25 kW (20 Year Tariff)	N/A	30.15	No Change
Medium Solar – Non-profit or multi-unit (5 or more tenant units) master metered building	N/A	29.55	No Change

Table 2 provides a calculation of the percentage change between the *PUC-Approved 2015 Ceiling Prices* and both the *November 2015 Recommended 2016 Ceiling Prices* and the *January 2016 Recommended Revised 2016 Ceiling Prices (including ITC/PTC & Bonus Depreciation)*.

Table 2: % Change between 2015 Actual and 2016 Revised Proposed Ceiling Prices

Technology	% Change between PUC-Approved 2015 Ceiling Prices and November 2015 Recommended 2016 Ceiling Prices	% Change between PUC-Approved 2015 Ceiling Prices and January 2016 Recommended Revised 2016 Ceiling Prices (including ITC/PTC & Bonus Depreciation)
Small Solar I – Host Owned (15 Year Tariff)	-9%	-9%
Small Solar I – Host Owned (20 Year Tariff)	-11%	-11%
Small Solar I – Third Party Owned (15 Year Tariff)	-20%	-25%
Small Solar I – Third Party Owned (20 Year Tariff)	-21%	-25%
Small Solar II (11-25)	-12%	-16%
Medium Solar (26-250)	0%	0%
Commercial Solar	11%	-8%
Large Solar	10%	-10%
Wind I	7%	-18%
Wind II	5%	-19%
Wind III	N/A	N/A
Anaerobic Digestion I	-1%	-6%
Anaerobic Digestion II	5%	0%
Small Scale Hydropower I	2%	-9%
Small Scale Hydropower II	-4%	-15%
Pilot Program		
Small Solar I – 1-10 kW (15 Year Tariff)	N/A	N/A
Small Scale Solar I – 1-10 kW (20 Year Tariff)	N/A	N/A
Small Scale Solar – 11-25 kW (20 Year Tariff)	N/A	N/A
Medium Solar – Non-profit or multi-unit (5 or more tenant units) master metered building	N/A	N/A