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Cynthia Wilson-Frias
RI Public Utilities Commission
89 Jefferson Blvd.
Warwick, RI 02888

February 17, 2016

Re: Docket 4568 Reply to Information Request

Dear Cindy:

I write in response to your memo dated February 5, 2016, requesting a response to four questions. In response to your request to receive one set of comments from each organization/company, these comments are filed on behalf of Handy Law, LLC, not on behalf of Wind Energy Development or any other client.

As set out in your memo, it is most important to address utility incentives. This recommendation is also raised and discussed in section 6 of the Systems Integration RI final report from January 16, 2016, which suggests examining "opportunities to better align the utility's incentives across various processes with policy goals and priorities, including SRP and non-wires alternatives" and to "[c]onsider the possibility of mechanisms that would reward activities that yield system, customer, and environmental savings beyond just energy efficiency." While the SIRI report calls for a stakeholder process to address this (rather than a formal docket), the results of that process are critically important to the administration of effective and equitable energy policy moving forward. Beyond the recommendations from the SIRI report, that process should also consider and address inherent conflicts between the utility's economic interests in natural gas and transmission investments and its administration of our distribution system, including the programs and policies under which renewable energy projects interconnect and are paid for generation.

I appreciate the general goal of achieving consistency of "least cost procurement" across all programs while incorporating traditional Bonbright principles and the new principles set forth in the Renewable Energy Growth Program. I firmly agree that Rhode Island should define "least cost" not just by immediate cost but according to the more sophisticated analysis of long-term resource costs and benefits indicated in the principles behind the Renewable Energy Growth Program. Our definition of "least cost procurement" should be reconsidered and expanded to include "procurement of energy efficiency, energy conservation measures and other non-wires alternatives including distributed generation that are prudent, reliable and lower long-term cost than traditional supply when considering price and all other cost and benefit factors, including but not limited to: (A) economic development benefits in Rhode Island, including direct and indirect job creation and retention from investments; (B) energy and cost savings for customers; (C) energy supply costs; (D) greenhouse gas emissions standards, climate, air quality and public health benefits; (E) system reliability benefits; and (F) supply for periods of high demand." The Commission should approve all energy efficiency measures and other non-wires alternatives like distributed generation that are "cost effective long-term and provide public benefit when considering price and all other cost and benefit factors." As Karl Rábago testified in this Docket, "[t]raditional avoided cost methodologies, designed to set energy payments based on current, short-run costs and wholesale prices, can reduce the value of low or zero-risk resources and long run marginal cost and risk reductions." (Testimony of Karl Rábago dated November 23, 2015, p. 18).

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I am not sure whether the existing record in Docket 4568 will be carried through to these additional proceedings. In response to each of your specific inquiries, I would ask that the Commission to please refer to Docket 4568, Testimony of Karl Rábago dated November 23, 2015, pages 17 through 41 and exhibits referenced therein. I also encourage the Commission to look to other jurisdictions like New York and Maine to build on much good work already done to address these issues as well as the guidance resources from IREC, the Acadia Center and others referenced in Mr. Rábago's testimony.

In closing, here's a compelling summary of recent developments in NY's REV process (credit to the Rocky Mountain Institute):

> In December, New York Governor Andrew Cuomo directed the state's regulators to come up with a plan to reach 50 percent renewables by 2030. Early last week, the New York Department of Public Service (NYDPS) released its proposed plan to do just that. The "50 by 30" Clean Energy Standard (CES) builds on New York's Reforming the Energy Vision (REV) proceeding, providing a necessary target and enforcement mechanism to achieve state policy objectives. . .
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> The impending clean energy standard and funding mechanisms reinforce clean energy reforms in development in New York. Most notably, the Reforming the Energy Vision (REV) proceeding has recognized the importance of a whole systems approach to electricity reform, including a rethinking of the conventional utility business model and new approaches to distribution system planning and operations. These programs seek to unleash market innovation and develop a more robust market for distributed energy resources, complementing the large-scale wind and solar projects that historically have accounted for the bulk of states' RPS programs. With REV, New York is driving towards a future that includes not only clean energy but also greater affordability, a customer focus, more efficient buildings, increased resiliency and reliability, and an animated market for clean energy resources.
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> Where 2014 saw the establishment of the REV proceeding and the setting of overarching policy objectives, and 2015 was about making some key decisions and refining priorities, 2016 is likely to focus on implementation. The clean energy standard creates the mandate but other activities will define how it is achieved and what the future market will look like. For example, the six New York utilities are required to file their distributed system implementation plans (DSIPs) in June. The DSIPs will propose necessary grid investments to achieve the REV vision, identify areas of the distribution system for asset deferral through DERs or other means, and should move the ball forward on release of system information to shine light on system planning and operations. Complementary to the DSIPs, the Commission launched a proceeding in December to determine an "interim successor tariff" to net metering and set a path for eventual establishment of a more accurate "value of DER" pricing approach. If done well and in a coordinated fashion, these multiple regulatory initiatives should create a more robust marketplace to allow distributed renewables to become a significant asset for achieving the CES.

I thank the Commission for its attention to these important matters.

Sincerely,

Seth H. Handy