



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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Daniel W. Majcher, Esq.

May 15, 2020

SENT VIA ELECTRONIC MAIL ONLY [Luly.Massaro@puc.ri.gov]:

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

**RE: Docket No. 4604 - Office of Energy Resources Amended Budget Requests to Perform
2021 Renewable Energy Growth Program Development**

Dear Ms. Massaro:

Enclosed for filing on behalf of the Rhode Island Office of Energy Resources [“OER”] is the updated 2021 Renewable Energy Growth (“REG”) Program Reconciliation Funding Request Memo based on the discussions from the Public Utilities Commission’s Technical Session on Tuesday, May 12, 2020. Also, as requested at the Technical Session, attached is the 2021 REG Program development timeline associated with the different tasks.

If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

Daniel W. Majcher
Legal Counsel
Department of Administration
on behalf of the Office of Energy Resources

DWM/njr

Enclosure

c. Docket #4604 Service List



Sustainable Energy Advantage, LLC

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Memorandum

To: Rhode Island Office of Energy Resources

From: Jim Kennerly

Date: May 15, 2020

Re: Revised 2021 Renewable Energy Growth Support Budget Based on PUC Technical Session

With this memorandum, we share a budget estimate (developed in conjunction with the Office of Energy Resources (OER)) for Sustainable Energy Advantage's (SEA's) support to OER and the Distributed Generation Board during the development of the 2021 Renewable Energy Growth (REG) Ceiling Price and program development process. These tasks break down as follows:

- Task 0: Current Contracted Scope of REG Ceiling Price Development Support;
- Task 1: Evaluation of 2020 Program Year Carport Solar Pilot Program;
- Task 2: Support of Zonal and Other Incentive Payments (RIGL 39-26.6-22);
- Task 3: Development and Evaluation of Incentives for Pilot Programs;
- Task 4: Stakeholder Engagement;
- Task 5: Incremental (to Task 0) Public Utilities Commission Engagement Associated with Public Policy Adders; and
- Task 6: Project Management/Client Meetings.

Task 0: Current Contracted Scope of REG Ceiling Price Development Support

Under this task, SEA will complete its current scope of work in support of developing Ceiling Prices for the 2021 Program Year. This work includes a mixture of market research (including outreach to project developers and National Grid), financial modeling and analysis, stakeholder engagement and support for the approval process at the Public Utilities Commission (PUC). The effort under this task also includes Ceiling Price revisions associated with late-year changes in federal policy (if any were to occur) during the final months of 2020 following the submission of the Ceiling Prices to the PUC.

The budget amount for this task (which has been approved by the PUC in several prior years) is **\$65,000**, with all labor and travel included. Tasks 1-6 represent incremental effort as requested by OER in developing this budget estimate.

Task 1: Evaluation of 2020 Program Year Carport Solar Pilot Program

Under this task, SEA proposes to evaluate the 2020 Program Year Carport Solar Pilot Program as directed by the Public Utilities Commission (PUC). The goal of this task is to provide information to the Public Utilities Commission regarding the cost-effectiveness of the Carport Adder, and inform National Grid's development of a proposal for the same (or similar) adder for the 2021 Program Year.¹

Task 1.1: Develop evaluation methodology in collaboration with OER and National Grid. The evaluation methodology should define the research question(s) being evaluated, the technical method proposed to

¹ The budget for this task assumes that SEA will receive timely and complete information from both National Grid and other affected Rhode Island state agencies (including the Department of Environmental Management) regarding interconnection costs for all REG projects (Carport and non-Carport alike) and the net greenhouse gas emission reductions and environmental associated with the preservation of forest land, farm land and other forms of open space.

answer the research question(s), data needed for the evaluation along with sampling protocol(s), and a Gantt-style timeline of the full evaluation process.

- **Deliverable:** Draft and final technical memo describing evaluation methodology and data request(s) (e.g., for National Grid, for OER/the Board, and municipalities).

Task 1.2: Develop survey instrument. The survey will target developers and include questions on permitting processes, interconnection processes, project economics, and perceptions of the carport pilot program.

- **Deliverable:** Draft and final survey instrument.

Task 1.3: Collect data needed for evaluation, and administer survey (via up to 6-8 in-depth phone surveys)

- **Deliverable:** An anonymized synopsis of the responses to protect developer confidentiality (an approach consistent with current contracted scope under Task 0).

Task 1.4: Conduct quantitative and qualitative analysis of the Carport adder using both the methodology developed in Task 1.1, as well as the Docket 4600 Benefit-Cost Framework.

- **Deliverable:** Presentation on results to OER/the Board and National Grid.

Task 1.5: Develop evaluation report (described below).

- **Deliverable(s):** One-page graphical executive summary for a public audience; a concise executive report describing the research question(s), methods, data, findings, and discussion of findings; and a technical appendix with details on the methodology, data, and ancillary analysis not included in the executive report.

Task 1.6: Presentation on work conducted under this task during a Public Utilities Commission Technical Session.

- **Deliverables:** Draft and final slide deck, and travel to 89 Jefferson Boulevard, Warwick, RI.

Task	Total
Task 1: Evaluation of Carport Solar Pilot Program 2020 Program Year	\$89,392

Task 2: Support of Zonal and Other Incentive Payments (RIGL 39-26.6-22)

The goal of this task is to:

- Provide the DG Board with sufficient information to determine a proper set of public policy adders for consideration for the 2021 Program Year; and
- Evaluate National Grid’s analysis of the benefits and costs of various public policy adders (as well as relevant inputs for calculating said costs and benefits) under consideration

Task 2.1: Research and summarize how public policy objectives are incorporated into feed-in tariff program design (more broadly, programs that entail a fixed payment stream in exchange for a bundled purchase of wholesale market products and environmental attributes) with an emphasis on New England states plus New York.

- **Deliverables:** Draft and final memo on findings with summary comparison table.

Task 2.2: Technical analysis support including but not limited to market assessment, consumer adoption, development of incentive levels, and review of assumptions utilized in cost-benefit analysis.

- **Deliverables:** Draft and final report on analysis that includes methods, data, findings, and discussion of findings.

Task 2.3: Presentation on work conducted under this task during a Public Utilities Commission Technical Session.

- **Deliverables:** Draft and final slide deck, and travel to 89 Jefferson Boulevard, Warwick, RI.

Task	Total
Task 2: Support of Zonal and other Incentive Payments (RIGL 39-26.6-22)	\$25,294

Task 3: Development and Evaluation of Incentives for Pilot Programs

This Task assumes development and evaluation of up to three incentives (adders, subtractors, or other) for pilot programs. The goal of this task is to:

- Ensure that the results of the benefit-cost evaluation(s) undertaken by National Grid are factored into public policy adder developments; while simultaneously
- Balancing the benefit-cost results with the revenue requirements for solar projects eligible for potential public policy adders (to ensure the effectiveness of said adders).

Task 3.1: Develop methodology for analysis used to develop the incentive structure and/or level, including required data for analysis.

- **Deliverable:** draft and final technical memo describing evaluation methodology and data request(s).

Task 3.2: Develop survey instrument and/or key assumptions. Deliverable: draft and final survey instrument and/or memo on assumptions. Collect data.

- **Deliverable:** raw and cleaned data sets in Excel format.

Task 3.3: Conduct analysis using methodology from Task 3.1, including utilizing CREST as appropriate and consistent with prior related work.

- **Deliverable:** presentation on results to OER/the Board and National Grid.

Task	Total
Task 3: Development/Evaluation of Adder(s) for Pilot Proposals	\$30,336

Task 4: Stakeholder Engagement

This task represents the incremental effort beyond the amount required for the stakeholder engagement work undertaken in Task 0.

Task 4.1: Work with OER/the Board and National Grid to hold up to three stakeholder engagement sessions regarding adder values, throughout the remainder of calendar year 2020.²

- **Deliverable:** draft and final materials for each session, including but not limited to presentations and agendas.

Task 4.2: Solicit, collect, and summarize stakeholder comments on behalf of the DG Board.

- **Deliverable:** Memorand(a) synthesizing themes of stakeholder comments and including actual comment language, as appropriate.

Task	Total
Task 4: Stakeholder Engagement	\$11,806

Task 5: Incremental Public Utilities Commission Engagement Associated with Public Policy Adders

This task represents the incremental effort beyond the amount required for the PUC engagement work undertaken in Task 0.

Task 5.1: Develop and submit testimony regarding 2020 pilot evaluation (Task 1) and 2021 pilot proposal(s) (Task 3).

- **Deliverable:** Written testimony.

² Effort assumes separate stakeholder meetings from Task 0 stakeholder meetings. Greater efficiencies may be achieved if meetings can be combined or held remotely/virtually.

Task 5.2: Respond to data requests regarding 2020 pilot evaluation (Task 1) and 2021 pilot proposal(s) (Task 3).

- **Deliverable:** Draft and final data request responses.

Task 5.3: Up to three days of in-person verbal testimony, as needed.

Task 5.4: Additional follow-up analysis or post-hearing data requests, as needed.

Task	Total
Task 5: Incremental PUC Engagement Associated with Public Policy Adders	\$14,140

Task 6: Project Management/Client Meetings

Under this task, SEA would hold 12 1-hour meetings (with 30 minutes of prep) associated with public policy adder developments with OER once every two weeks, as well as six additional hours to deal with administrative tasks related to the Task 1 Docket 4600 benefit-cost analysis.

Task	Total
Task 6: Project Management/Client Meetings	\$5,385

Total Projected Costs

The table below contains expected costs for all above-described tasks from the original budget proposal and the revised budget proposal

Task	Initial Request	Revised Request
Task 0: Current Contracted Scope of REG Ceiling Price Development Support	\$65,000	\$65,000
Task 1: Evaluation of Carport Solar Pilot Program 2020 Program Year	\$33,826	\$89,392
Task 2: Support of Zonal and other Incentive Payments (RIGL 39-26.6-22)	\$105,294	\$25,294
Task 3: Development/Evaluation of Adder(s) for Pilot Proposals	\$30,336	\$30,336
Task 4: Stakeholder Engagement	\$11,806	\$11,806
Task 5: Incremental PUC Engagement Associated with Public Policy Adders	\$11,325	\$14,140
Task 6: Project Management/Client Meetings	\$4,223	\$5,385
Grand Total	\$261,810	\$241,353

Overview of Initial 2021 REG Program and Ceiling Price Development Tasks

Sustainable Energy Advantage, LLC

May 15, 2020

Submitted in RIPUC Docket 4604



Task 0 – 2021 Ceiling Price Development

- **Overview:** Sustainable Energy Advantage (SEA) plans to undertake the same scope of services it has rendered since 2011 to develop Ceiling Prices for Solar, Wind, Hydro and Anaerobic Digester (AD) resources specified by the REG statute (and, as necessary, adjust said prices in response to changes in federal policy)
- **Tasks and Timing:**
 - **April-May 2020:** Initial Research/DG Board Decision Regarding 2021 Program Development plan
 - **June 2020:** Data Request/Survey Development and Administration/Initial Analysis
 - **June-October 2020:** Stakeholder Engagement and Follow-Up Analysis
 - **Week of October 26, 2020:** Expected DG Board Approval of 2021 Program Plan at PUC
 - **October-November 2020:** Development of Final Report/Recommendation
 - **Week of November 16, 2020:** Filing of Report and Recommendations at PUC
 - **November 2020-February 2021:** PUC Engagement in Support of Price and Program Approval

Task 0 Detailed Schedule

Task 0.1: Data Gathering & Analysis		Approximate Delivery Date
Provide draft Task 0 (2021 Ceiling Price (hereafter "CP") schedule/work plan to OER & DG Board for review, comment and approval		Apr 23 rd
OER & DG Board review and comment period		Apr 23 rd -Apr 27 th
SEA internal discussion of potential adjustments to CP research, analysis and development process; SEA revisions to schedule and process		Apr 27 th -May 8 th
Develop data gathering survey template (adjusted from 2020 based on discussion above), distribution list & supplemental interview targets.		May 11 th -May 21 st
OER & DG Board Review Period; further discussion and revisions		May 21 st -May 26 th
SEA to implement revisions and distribute survey to all stakeholders, interested parties, and other supplemental data prospects.		May 26 th -May 27 th
Update database of historic (proposed & executed) DG contract prices		Jun 1 st -Jun 5 th
CREST models reviewed, QC'd and updated for 2021 process		Jun 1 st -Jun 19 th
Survey responses due; interviews finished; supplemental research completed (including receipt of National Grid data) [Survey open for 4 weeks]		Jun 22 nd
Summarize all data collected through survey responses, interviews and supplemental research.		Jun 22 nd -Jun 26 th
Tasks 0.2-0.4: Ceiling Price Analysis		Approximate Delivery Date
Conduct 1 st draft of CP analysis; develop PPT for Public Meeting #1		Jun 22 nd -Jun 26 th
Call with OER & DG Board to review research results and initial CPs		Jun 29 th -Jul 1 st
Revise PPT and distribute CP Analysis to all Stakeholders		Jul 2 nd -Jul 3 rd
Stakeholder draft analysis review period (2 weeks)		Jul 6 th -Jul 20 th
Present initial CP analysis at Public Meeting #1		Week of Jul 20 th -Jul 24 th
Receive stakeholder feedback. Complete additional research, analysis and correspondence necessary to incorporate stakeholder feedback. Conduct 2 nd draft CP analysis.		Jul 27 th -Aug 14 th
Review revised results with OER & DG Board		Aug 17 th -Aug 20 th
Distribute CP Analysis to all Stakeholders		Aug 21 st
Stakeholder draft analysis review period (1 week)		Aug 24 th -Aug 28 th
Present revised CP analysis at Public Meeting #2		Week of Aug 31 st -Sept 4 th
Task 0.5: Final Recommendations		Approximate Delivery Date
Receive and integrate additional public comments (2 weeks)		Sept 7 th -Sept 18 th
Conduct final CP analysis; develop PPT for final DG Board meeting		Sept 21 st -Oct 12 th
Provide final recommendation to OER & DG Board		Oct 19 th
Present final CP recommendation for vote at DG Board Meeting		Oct 26 th
Task 0.6: Preparation of PUC Filing		Approximate Delivery Date
Support OER & DG Board throughout filing of Report and Recommendations		Late Oct-Mid Nov 2020
Prepare for, and participate in, PUC hearing		TBD (approx. January-February 2021)
Assist OER and DG Board in responding to information requests from Division & PUC		TBD (approx. January-February 2021)

Task 1 – 2020 Carport Adder Evaluation

- **Overview:** Per the PUC’s order in Docket 4983, SEA plans to evaluate REG-bound Carport projects in National Grid’s project pipeline, including:
 - Their geographic incidence;
 - Their relative costs to interconnect with National Grid’s distribution system; and
 - Their relative success in navigating the non-ministerial permitting process in CY 2020 (or whether such permitting will lapse into CY 2021)
- **Expected Tasks and Timing:** Since this adder has been approved for 2020, these subtasks are not contingent upon a DG Board decision to pursue adders for the 2021 program year.
 - **July 2020:** Data Request/Survey Development and Administration
 - **July-October 2020:** Engagement with National Grid RE: Potential Carport Projects
 - **October-December 2021:** Program Analysis
 - **December 2020-January 2021:** Drafting Evaluation Report

Note to PUC: the below timeline may shift depending on the timing and number of Carport projects submitted during the 2020 Open Enrollments

TASK/DATE (HALF-MONTH ENDING)	Apr-20		May-20		Jun-20		Jul-20		Aug-20		Sep-20		Oct-20		Nov-20		Dec-20		Jan-21		Feb-21		
	1H	2H																					
1.1 Develop evaluation methodology in collaboration with OER/NG																							
1.2 Develop survey instrument.																							
1.3 Collect data needed for evaluation and administer survey.																							
1.4 Conduct analysis using methodology from Task 1.1.																							
1.5 Develop evaluation report																							

Task 2 – Development of Zonal/Other Incentive Payments

- **Overview:** Per the PUC’s order in Docket 4983, SEA plans to assist OER and the DG Board in evaluating its options for zonal and other public policy-related adders for development during the 2021 program year, and (if the Board approves development of certain adders) either assessing National Grid’s quantitative inputs for a Docket 4600 Benefit-Cost Framework analysis, or developing a full, independent quantitative benefit-cost analysis utilizing the approach laid out in the Docket 4600 Benefit-Cost Framework.
- **If Adder Development Recommended by Board to National Grid:**
 - **April-June 2020:** Assess role of public policy priorities in feed-in tariff design (through desktop research and report development for OER and the DG Board)
 - **July-November 2020:** Development of technical analysis/evaluation of National Grid adders/subtractors and benefit-cost assessment in line with Docket 4600 strictures (or, in the alternative) development of independent benefit-cost assessment of National Grid’s request.
- **If Adder Development Not Recommended by Board to National Grid:**
 - **April-November 2020:** Assess role of public policy priorities in feed-in tariff design (through desktop research and report development for OER and the DG Board) ahead of proposals for 2022 program year

TASK/DATE (HALF-MONTH ENDING)	Apr-20		May-20		Jun-20		Jul-20		Aug-20		Sep-20		Oct-20		Nov-20		Dec-20		Jan-21		Feb-21		
	1H	2H																					
2.1 Research and summarize how public policy objectives are incorporated into feed-in tariff program design, with an emphasis on New England states plus New York																							
2.2 Technical analysis support including but not limited to market assessment, consumer adoption, development of incentive levels, and cost-benefit analysis (or review of assumptions utilized in cost-benefit analysis).																							

Task 2 Timeline if Adder Development Recommended by Board to National Grid

Task 3 – Development and Evaluation of Incentives for Pilot Programs

- **Overview:** Under this task, SEA would work with National Grid to develop adder values (or other means consistent with the cost-based nature of the REG program) that balanced the results of the benefit-cost analysis to be undertaken in Task 2 with the return expectations of investors in REG-eligible projects. The budgeted amounts in the memorandum submitted to the PUC and Board represents the expected cost of developing up to three (3) public policy adders.
- **If Adder Development Recommended by Board to National Grid:**
 - **July-August 2020:** Developing methodology to evaluate proposed adder values utilizing CREST model and industry/financier-focused survey instrument needed to understand incremental costs associated with certain types of projects that may need adders (or other means consistent with the cost-based nature of the REG program) to meet investor returns
 - **August-November 2020:** Conduct iterative analysis based on benefit-cost analysis results (whether undertaken by SEA or by National Grid) to determine impact on project owners' expected returns
- **If Adder Development Not Recommended by Board to National Grid:**
 - No further action taken to develop public policy adders

TASK/DATE (HALF-MONTH ENDING)	Apr-20		May-20		Jun-20		Jul-20		Aug-20		Sep-20		Oct-20		Nov-20		Dec-20		Jan-21		Feb-21		
	1H	2H																					
3.1 Develop methodology for analysis used to develop the incentive structure and/or level, including required data for analysis																							
3.2 Develop survey instrument and/or key assumptions																							
3.3 Conduct analysis using methodology from Task 3.1, including utilizing CREST as appropriate and consistent with prior related work																							

Task 3 Timeline if Adder Development Recommended by Board to National Grid

Task 4 – Stakeholder Engagement

- **Overview:** Under this task, SEA would work closely with OER staff to engage with renewable energy project developers and other affected stakeholders regarding any and all proposed public policy adders. This effort would be incremental to Task 0 stakeholder engagement.
- **If Adder Development Recommended by Board to National Grid:**
 - **July-September 2020:** Hold three stakeholder sessions and collect stakeholder comments on proposed public policy adder designs
 - **September-October 2020:** Collection, digestion and summarization of comments for DG Board
- **If Adder Development Not Recommended by Board to National Grid:**
 - No further/incremental stakeholder engagement (beyond regular Task 0 activities) necessary

TASK/DATE (HALF-MONTH ENDING)	Apr-20		May-20		Jun-20		Jul-20		Aug-20		Sep-20		Oct-20		Nov-20		Dec-20		Jan-21		Feb-21		
	1H	2H																					
4.1 First stakeholder engagement session (including prep)																							
4.1 (Cont'd) Second stakeholder engagement session (including prep)																							
4.1 (Cont'd) Third stakeholder engagement session (including prep and travel time)																							
4.2 Soliciting/collecting/summarizing stakeholder comments																							

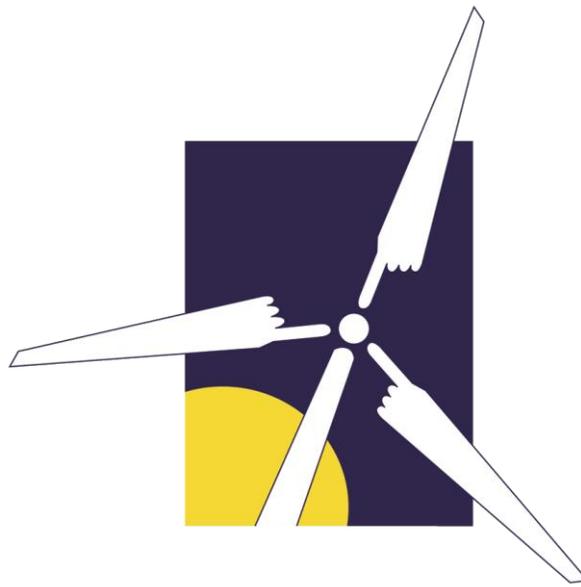
Task 4 Timeline if Adder Development Recommended by Board to National Grid

Task 5 – Incremental PUC Engagement Associated with Public Policy Adders

- **Overview:** Under this task, SEA would support the Board’s request to the PUC to approve the public policy adders developed and vetted with stakeholders in the previous tasks.
- **If Adder Development Recommended by Board to National Grid:**
 - **October 2020-February 2021:** Development of incremental testimony questions and answers (and responses to data requests) associated with any public policy adders approved by Board (relative to typical Task 0 level of effort)
- **If Adder Development Not Recommended by Board to National Grid:**
 - No incremental PUC process effort needed

TASK/DATE (HALF-MONTH ENDING)	Apr-20		May-20		Jun-20		Jul-20		Aug-20		Sep-20		Oct-20		Nov-20		Dec-20		Jan-21		Feb-21		
	1H	2H																					
5.1 Develop and submit testimony regarding 2020 pilot evaluation (Task 1) and 2021 pilot proposal(s) (Task 3).																							
5.2 Respond to data requests regarding 2020 pilot evaluation (Task 1) and 2021 pilot proposal(s) (Task 3)																							
5.3 In-person verbal testimony, as needed.																							
5.4 Additional follow-up analysis or post-hearing data requests, as needed.																							

Task 5 Timeline if Adder Development Recommended by Board to National Grid



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