

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION**

IN RE: THE OFFICE OF ENERGY RESOURCES :
BUDGET REQUESTS TO PERFORM CEILING : **DOCKET NO. 4604**
PRICE SERVICES OR STUDIES FOR THE :
RENEWABLE ENERGY GROWTH PROGRAM :

ORDER

On January 28, 2020, the Rhode Island Office of Energy Resources (OER) filed a request with the Public Utilities Commission (PUC) for funding in an amount not to exceed \$146,400 to hire a consultant to conduct quality assurance inspections of enrolled installations and issue a report on the 2020 Renewable Energy Growth (RE Growth) Program. This is the fourth year that OER has made such a request. The request is approximately \$6,000 more than that requested in 2019. OER explained that the additional costs anticipated for the 2020 quality assurance work are related to the addition of storage to the RE Growth program. This additional work includes inspections for Small Scale RE Growth Photo Voltaic (PV) systems installed with storage; updating the Minimum Technical Guidance documents with new information including electrical diagrams for PV systems with storage; updating the training for new installers and self-installers to include a storage component; and providing OER with technical assistance on storage related issues.¹

After a review of the filing and OER’s responses to the PUC’s data requests, on May 6, 2020 at an Open Meeting, the PUC approved OER’s request finding that it met the requirements of R.I. Gen. Laws § 39-26.6-4(b); was the result of a competitive bid process; was supported by a detailed budget; and was consistent with similar work done in prior years.

¹ OER Funding Request (Jan. 28, 2020); <http://www.ripuc.ri.gov/eventsactions/docket/4604-OER-BudgetRequest%201-28-20.pdf>

On March 27, 2020, OER, in collaboration with the Distributed Generation Board (DG Board), made a separate request for funding not to exceed \$261,810 to retain the services of a consultant pursuant to R.I. Gen. Laws §39-26.6-4(b).² Based on a memorandum provided by the consultant, Sustainable Energy Advantage (SEA) would be retained to perform the ceiling price studies for the 2021 RE Growth Program Year and to participate in the 2021 RE Growth Program proceedings before the PUC.³

This year's filing also included additional funding for SEA to both evaluate the 2020 Renewable Energy Growth Program Year solar carport pilot and to support other zonal and public policy adders that may be proposed for the 2021 program.⁴ As part of its approval of the 2020 Renewable Energy Growth program ceiling prices, the PUC approved an additional incentive payment (adder) under R.I. Gen. Laws § 39-26.6-22 to solar carport projects on a limited one-year pilot basis. The PUC also directed OER and the DG Board to report on what they learn about the carport adder. In addition, the PUC included its expectations for the evidence and analysis that should accompany any future proposals for zonal, technical, or public policy adders filed by National Grid as part of the Renewable Energy Growth Program, including the continuation of a carport adder.⁵

On May 15, 2020, following a Technical Session to discuss the additional funding included in the request, OER filed revised tasks and reduced the overall budget request to \$241,353.⁶ The Technical Session provided an opportunity for the PUC to ask questions about SEA's initial list of tasks and associated budgets. It also provided an opportunity for SEA's representative to gain a

² OER Funding Request (Mar. 27, 2020); <http://www.ripuc.ri.gov/eventsactions/docket/4604-OER-BudgetRequest%20%203-27-2020.pdf>.

³ *Id.*

⁴ *Id.*

⁵ PUC Minutes (Feb. 18, 2020).

⁶ OER Revised Funding Request (May 15, 2020); <http://www.ripuc.ri.gov/eventsactions/docket/4604-OER-BudgetReconciliaton-REGPorgramDeve%205-15-20.pdf>.

better understanding of the PUC's expectations for the evaluation of the carport pilot and for the evaluation of future programs. The result was the addition of work to conduct a cost benefit analysis using the Docket No. 4600 Benefit Cost Framework when analyzing the 2020 carport pilot. The discussion at the Technical Session also resulted in the elimination of the development of a cost benefit analysis separate from that which would need to be filed with any proposal for zonal or other public policy adders as part of the 2021 Renewable Energy Growth Program.

SEA's amended list of tasks to support the revised budget request included \$89,392 to evaluate the 2020 Renewable Energy Growth program year solar carport pilot; \$25,294 to provide information to the DG Board sufficient to allow the DG Board to consider whether to propose public policy adders as part of the 2021 Renewable Energy Growth Program; and \$30,336 to develop and evaluate potential 2021 public policy adders with stakeholders. The remainder of the budget was related to development of testimony, responding to discovery, attending hearings before the PUC, and client meetings.⁷

At an Open Meeting on May 21, 2020, the PUC reviewed the record and approved the revised budget request filed on May 15, 2020. Its approval included the additional requirement that OER and the DG Board provide a progress report to the PUC on the status of carport enrollments/bids following the second open enrollment, but before conducting a full quantitative benefit cost analysis on the carport pilot. One of the challenges in this case includes the short time frame for data collection and analysis, particularly with respect to a one-year pilot that needs to be reviewed annually. Because of the statutory program design, OER and the DG Board need to file the proposed targets and ceiling prices for the 2021 Renewable Energy Growth Program Year prior to the end of the pilot period. This does not leave much time for evaluation.

⁷ *Id.*

The PUC believes that an important first step in conducting Task 1.4 is to determine if there are potential benefits worth further analysis. The PUC expects that SEA will analyze the data and info collected in Tasks 1.1-1.3 before moving to Task 1.4, the full benefit cost analysis of the carport pilot. SEA would likely determine if there are differences between carport installations and other installations and then use that data and expertise to ascertain if those differences are reflected in the Docket 4600 benefit cost framework. Then SEA would need to determine if there is enough information to recommend whether it would be reasonable to complete a full benefit cost analysis. SEA should consider whether there is insufficient data or insignificant differences between carport and non-carport installations based on the data available, and unless there is a qualitative benefit identified to justify a quantitative analysis, consider alternatives to spending the resources to conduct what could be a flawed analysis.

Additionally, the PUC reminds parties and stakeholders that the Renewable Energy Growth Program statute is clear that zonal and other incentive payments may be proposed by the electric-distribution company, in consultation with DG Board and OER, to achieve technical or public policy objectives that provide identifiable benefits to customers.⁸ The language is clear that the additional cost of public policy objectives need to be related to benefits the utility customer would receive.

At the technical session, National Grid witness Ian Springsteel suggested that the PUC might consider proposals that provide societal benefits but include no benefits to electric customers *qua* electric customers. He asserted quite strongly that National Grid's customers and society are one and the same. He opined that the public policy adder legislation opened the door for any public policy proposal, whether related to the Renewable Energy Growth Program or its purposes.

⁸ R.I. Gen. Laws § 39-26.6-22.

While he suggested that there should be a nexus between the public policy and the administration or the purpose of the Renewable Energy Growth Program, he believed that if OER, the DG Board, and other policymakers believed there was a high value of providing some kind of adder, National Grid would consider such a proposal. It would not matter whether the adder was related to National Grid's delivery of the program. He did agree that the benefits and costs would have to be related to the Docket 4600 benefit cost framework which considers power system, customer, and societal benefits and costs.

The PUC has never assumed National Grid customers are the same as society as a whole and that utility customers should be paying solely for delivery of societal benefits. The Division recently opined that customers paying for a program through utility rates must benefit from the program because of their status as utility customers. The PUC agrees. If utility customers have no stake in the outcome, they should not be paying for those programs. It is the General Assembly that decides how societal benefits are funded. In some cases, such as the long-term contracting standard, where the PUC is required to consider economic benefits, the General Assembly has directed utility customers to pay for societal benefits. Here, the General Assembly has directed the PUC to consider additional costs where there is a benefit to customers.

This means not that societal benefits are irrelevant, but rather, that they cannot be the only benefit considered to support the additional cost. Rather, the quantification of societal benefits is useful to more comprehensively support a business case; at its core, the business case has to address how electric ratepayers are causing or benefiting, because of their role as electric ratepayers, from the proposal. Societal benefits can be used to augment a business case to allow the PUC to consider the full range of program benefits. But ratepayers still must have a stake in the outcome. For example, during National Grid's review of the 2020 solar carport proposal, Mr.

Springsteel suggested that there may be some evidence that interconnection costs could be lower for carports because they would likely be located closer to load than other types of solar installations. Assuming this is true, that would be a customer benefit because over time, it could lead to lower ceiling prices. Adding in the value of siting on already disturbed property and avoiding siting on green spaces could serve to bolster the benefits of a proposal. However, at its core, the customer benefit is the lower interconnection costs that would flow through to ratepayers in the form of reduced ceiling prices in the future.⁹

The PUC needs to be careful to stay within its statutory jurisdiction. Programs that provide for societal benefits funded through utility rates need to have a clear nexus to ratepayer impact. The intent of the locational incentives and public policy adders was originally to find least cost solutions to the ratepayer cost of renewable energy development. Societal benefits unrelated to utility customers do not clearly lead to lower programmatic costs for utility customers.

Accordingly, it is hereby

(23838) ORDERED:

1. The Rhode Island Office of Energy Resources' request for funding to contract with a vendor to perform a study of renewable energy installation quality and issue a report in an amount not to exceed \$146,400 is approved.
2. The Rhode Island Office of Energy Resources' request for funding to retain the services of a consultant to develop ceiling prices for the 2021 Renewable Energy Growth Program; evaluate the 2020 Renewable Energy Growth Program Year carport pilot; to support,

⁹ This is not to say that the PUC does not believe there are important benefits to conservation activities. To the contrary, the PUC believes that various loopholes in State law are having adverse impacts on forests and open space and that these impacts can be quantified. However, the PUC's ratemaking authority has limitations. One of those limitations is that utility rates need to reflect costs caused and benefits realized by utility customers because they are utility customers.

develop, and evaluate zonal and other incentives in 2021; and otherwise participate in PUC proceedings related to the Renewable Energy Growth Program in an amount not to exceed \$241,353 is approved.

3. The Office of Energy Resources and the Distributed Generation Board shall provide a progress report to the PUC on the status of carport enrollments/bids following the second open enrollment, but before conducting a full quantitative benefit cost analysis on the carport pilot.

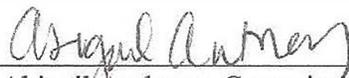
EFFECTIVE AT WARWICK, RHODE ISLAND, PURSUANT TO AN OPEN MEETING DECISIONS ON MAY 6, 2020 AND MAY 21, 2020. WRITTEN ORDER ISSUED JUNE 3, 2020.

PUBLIC UTILITIES COMMISSION




Margaret E. Curran, Chairperson


Marion S. Gold, Commissioner


Abigail Anthony, Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws §39-5-1, any person aggrieved by a decision or order of the PUC may, within seven (7) days from the date of the order, petition the Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.