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April 27, 2021

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 - 2022 Renewable Energy Growth Program Development Budget and Tasks

Dear Ms. Massaro:

Please see attached memo from Sustainable Energy Advantage regarding comments submitted by the Division of Public Utilities and Carriers on the Distributed Generation Board's requested budget for the 2022 Renewable Energy Growth Program.

OER and the DG Board respectfully seek Commission approval of the not-to-exceed budget request of $255,752, as filed on April 8, 2021.

Sincerely,

Albert Vitali
Legal Counsel
Department of Administration
on behalf of the Office of Energy Resources

Enclosure

c. Docket #4604 Service List

Sustainable Energy Advantage, LLC

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Memorandum

To: Rhode Island Office of Energy Resources and Distributed Generation Board

From: Jim Kennerly, Sustainable Energy Advantage, LLC

Date: April 27, 2021

Re: Response to Division of Public Utilities and Carriers Memorandum Filed April 19, 2021 in Docket 4604

Background and Request

On April 5, 2021, Sustainable Energy Advantage (SEA) attended a technical session with the Public Utilities Commission (PUC). At that technical session, the PUC asked SEA several questions regarding the Distributed Generation Board (DG Board) not-to-exceed budget request (filed February 26, 2021) for the 2022 Renewable Energy Growth (REG) program year development process. The PUC ended the hearing by requesting that the Division of Public Utilities and Carriers (DPUC) provide their comments on the request within two weeks. Subsequently, on April 9, 2021, the Office of Energy Resources (OER), on behalf of the DG Board, filed a revised version of the 2022 REG program design budget to reflect the budget with (and without) the energy storage paired solar research, which was requested by the PUC. Thereafter, on April 19, the DPUC provided their feedback.

SEA would like to respectfully express our concerns with the DPUC's suggested changes to SEA's task or subtask-level budgets, which were arrived at after careful consideration of our expected level of effort to carry out the 2022 REG ceiling price development tasks. We respectfully ask that OER and the Board reiterate to the PUC our full, *not-to-exceed* budget request of $255,752, as filed on April 8, 2021.

Responses to Specific Points in DPUC's April 19 Memorandum

Our specific concerns with the DPUC's suggested changes to our budget for Subtask 1.3 (described on p. 2 of the memorandum) are detailed below.

The DPUC's First "Caveat"

On p. 2, the DPUC's memorandum states:

One caveat is that the first enrollment period data may provide some direction in terms of the effectiveness of the initial step taken in the 2021 program year to bifurcate the Commercial Class. If the data from the first enrollment period (and potentially the second enrollment period) suggest favorable results, this work could proceed. If not, this work scope could be eliminated or modified.

We respectfully oppose the adoption of this "caveat." Since 2011, SEA's role in the REG development process has been to facilitate a robust, multi-round stakeholder discussion in an independent, unbiased manner regarding the appropriate renewable energy classes, and utilize that robust, multi-round process to:

- Collect information regarding typical projects within those classes;
- Develop credible cost, performance, financial and other inputs regarding projects within those classes;
- Make reasoned, independent judgments that appropriately balance important program objectives regarding the complex questions and tradeoffs the process can often reveal; and

- Propose potential solutions that account for the views of affected stakeholders and present those proposed solutions to the PUC.

In addition, developing and proposing additional subdivisions of the REG renewable energy classes (as the PUC has indicated it is interested in considering during the 2022 REG program development process) requires material time and effort substantially in excess of SEA's contracted annual scope of services to collect feedback, undertake appropriate quantitative and qualitative analysis and propose a range of alternatives for the DG Board's (and ultimately, the PUC's) consideration.

We respect the DPUC's role in the process as a counterbalance to the interests of other REG program participants, and value their careful and reasoned recommendations in support of managing the program's cost to ratepayers. At the same time, however, the DPUC is only one REG program stakeholder of many. Thus, we believe the acceptance of their recommendation to "eliminat(e) or modif(y)" SEA's budget to solicit the views of non-DPUC stakeholders regarding these issues would substitute their judgment for the views of those other stakeholders, and thereby compromise our ability to 1) act as independent and trusted facilitators and 2) develop possible renewable energy class subdivisions that reflect the interests of the PUC and interested stakeholders during the program design process that occurs between May and September.

We also have other, more practical concerns surrounding this first "caveat." Specifically, we expect development of the initial Data Request and Survey (through which it will undertake work under Subtask 1.3 by asking questions of stakeholders that will lead to a series of proposals for potentially segmenting the Medium, Commercial and Large Solar classes) in May. This means that a substantial degree of effort (and thus, spending) under this Subtask will occur approximately one month (or potentially longer) before the 1st REG Commercial Open Enrollment results are published in July by National Grid. Furthermore, these enrollment results will be published around the same time that the Data Request and Survey will likely be in the field. While the DG Board might ultimately choose not to recommend further subdivisions following a full and independent investigation undertaken by SEA of the potential options, accepting the DPUC's recommendation to "eliminat(e) or modif(y)" this scope of work would result in a situation in which SEA will have simultaneously 1) set an expectation with stakeholders that it will carefully consider their feedback, and 2) been placed at a degree of risk SEA cannot reasonably mitigate of not being compensated for consulting time at our standard government and non-profit rates.

The DPUC's Second "Caveat"

The memorandum continues (also on p. 2):

The second caveat is to eliminate from consideration any splitting of the Large solar class. The Division believes that historical evidence from previous years supports a conclusion that this Class has more robust competition already. The Division supports continuing to set a single ceiling price for the Large Solar Class as a whole, using ~4,500 kW as the modeled system size consistent with the approach for the 2021 program year. Based on our recommendation to eliminate Large Solar class from this work, the Division believes the requested budget amount for this task can be reduced.

We respectfully oppose the adoption of this "caveat" for the same reasons outlined above. First, the PUC has expressed interested in understanding the potential range of options for further subdivisions of the renewable energy classes, of which the Large Solar class is a part. Second, we believe accepting this recommendation would inhibit non-DPUC stakeholders from having a full and fair opportunity to provide feedback on potential subdivision approaches, substitute the DPUC's judgment for that robust process, and compromise SEA's ability to act as independent and trusted facilitators of the REG program development process.

In addition, our proposed budget for Subtask 1.3 is closely related to our expert judgment regarding the number of potential modeling cases needed to develop a robust set of subdivision proposals and is unconnected with any given renewable energy class. Therefore, any suggestion that SEA's budget could be reduced because SEA may eventually choose not to recommend further subdivision of a given renewable energy class (in this case, Large Solar) is simply inconsistent with the methodology SEA utilized to budget this Subtask and should be rejected. Ultimately, the DPUC's position on the Large Solar class subject may be proven correct, but SEA needs to perform their independent research and analysis during the program design process before rendering a recommendation to the DG Board.

Conclusion

SEA respectfully requests that OER and the Board reiterate our full *not-to-exceed* budget of $255,752. This budget represents the funding SEA has carefully estimated to independently manage the stakeholder process, propose ceiling prices, undertake an independent and objective evaluation of the extended Carport Solar pilot program, and perform other tasks as may be necessary to allow OER and the DG Board to respond to ever-changing renewable energy market and policy developments that impact the REG program.

Thank you very much for your time and consideration of this memorandum.