

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

THE NARRAGANSETT ELECTRIC COMPANY’S :
d/b/a NATIONAL GRID 2017 RENEWABLE : **DOCKET NO. 4672**
ENERGY GROWTH PROGRAM :

ORDER

I. Introduction

The Renewable Energy Growth Act, Chapter 39-26.6 of the Rhode Island General Laws, created a tariff-based financing program (RE Growth Program) for renewable distributed energy generation systems. The program is administered by the Narragansett Electric Company d/b/a National Grid (National Grid or Company) and is expressly subject to review and supervision by the Public Utilities Commission (PUC or Commission). The stated purpose of the five-year program is to facilitate and encourage the installation and development of 160 megawatts of renewable distributed generation systems in Rhode Island, reduce environmental impacts and carbon emissions, diversify generation sources, stimulate economic development, improve distribution system resilience and reliability, and reduce distribution system costs.¹

Each year, National Grid must file tariffs and rules governing the solicitation and enrollment process for review and approval by the PUC.² The tariffs include annual ceiling prices and capacity targets in specific technology and class sizes as recommended by the Distributed Generation Board (DG Board) to the Commission.³ The ceiling prices for each technology are intended to allow a developer to invest in a project and receive a reasonable rate of return.⁴ During designated enrollment periods, developers competitively bid large projects into the program at a

¹ R.I. Gen. Laws § 39-26.6-1.

² R.I. Gen. Laws § 39-26.6-5.

³ R.I. Gen. Laws §§ 39-26.6-5 and 39-26.6-4(a)(1).

⁴ R.I. Gen. Laws § 39-26.6-2.

price that does not exceed the ceiling price. Projects that clear the auction are awarded performance-based incentives at their bid level under tariffs that cannot be altered in any way during their applicable term of fifteen or twenty years.⁵ The RE Growth Program has a separate carve-out for enrollment of medium- and small-scale solar projects. They have standard pricing and do not have to bid into the program.⁶

On June 27, 2016, opportunities for customer participation in the RE Growth Program were expanded.⁷ The Community Remote Distributed Generation program enabled customers to share bill credits from a renewable generator that is located elsewhere in the state.⁸ Shared Solar Facilities will allow customers to share bill credits from with a solar facility on the same or an adjacent parcel of land.⁹ The law specifically directs the Company to propose to the PUC, for review and approval, tariffs and rules that implement the program.¹⁰

On November 10, 2016, the DG Board filed with the PUC its Report and Recommendations for the 2017 Renewable Energy Growth Classes, Ceiling Prices, and Capacity Targets.¹¹ On January 22, 2017, the DG Board's consultant, Sustainable Energy Solutions, Inc.,

⁵ R.I. Gen. Laws § 39-26.6-6. Applicants must satisfy eligibility and minimum threshold requirements in order to participate in the bidding process. A project must also meet additional specific requirements to maintain its status in the RE Growth Program prior to and during construction. *See* RE Growth Program Solicitation and Enrollment Process Rules for Solar (Greater than 25 kW), Wind, Hydro and Anaerobic Digester Projects; [https://www9.nationalgridus.com/narragansett/non_html/SolarWindHydroAD%20Rules%20%20\(04.01.18\)-CLEAN%20Compliance.pdf](https://www9.nationalgridus.com/narragansett/non_html/SolarWindHydroAD%20Rules%20%20(04.01.18)-CLEAN%20Compliance.pdf).

⁶ R.I. Gen. Laws § 39-26.6-15(b) and (c).

⁷ The 2016 amendments specifically directed the Company to propose tariffs and rules that implement shared solar facilities and community remote distributed generation systems for PUC review and approval. R.I. Gen. Laws §§39-26.6-26 and 39-26.6-27.

⁸ R.I. Gen. Laws § 39-26.6-5(3).

⁹ R.I. Gen. Laws § 39-26.6-5(16).

¹⁰ R.I. Gen. Laws §§ 39-26.6-26 and 39-26.6-27.

¹¹ Rhode Island Distributed Generation Board's Report and Report and Recommendations on the 2017 Renewable Energy Growth Classes, Ceiling Prices, and Capacity Targets (Nov. 10, 2016) (DG Board's Filing). All filings in this docket are available at the PUC offices, located at 89 Jefferson Boulevard, Warwick, Rhode Island or at <http://www.ripuc.ri.gov/eventsactions/docket/4672page.html>.

filed a memorandum modifying the recommended ceiling prices to reflect the effect of federal tax reform and federal tariff changes.

On November 10, 2016, National Grid filed its Proposed 2017 Renewable Energy Growth Program Tariff and Rule Changes, seeking modifications consistent with the recent legislation.¹² The filing included proposed revisions to the Residential Tariff (RIPUC No. 2151-C) and Non-Residential Tariff (RIPUC No. 2152-C) for the Rhode Island Renewable Energy Growth Program (Tariffs).¹³ The Company also proposed modifications to the RE Growth Program Solicitation and Enrollment Process Rules for Small-Scale Solar Projects and the RE Growth Program Solicitation and Enrollment Process Rules for Solar (greater than 25 kW), Wind, Hydro, and Anaerobic Digester Projects (Rules).¹⁴ Finally, the Company proposed two modifications not required by the legislation: changes to its Zero Energy Buildings Program, designed to integrate energy efficiency and renewable energy, and revisions to its SolarWise Program, intended to streamline program administration.¹⁵

At an Open Meeting on February 10, 2017, the PUC approved, with modification, National Grid's tariff advice filing. It also approved, without modification, the DG Board's recommendations regarding RE Growth classes, ceiling prices, and capacity targets.

¹² National Grid's Proposed 2017 Renewable Energy Growth Program Tariff and Rules Changes (Nov. 15, 2016) (National Grid's Filing); [http://www.ripuc.ri.gov/eventsactions/docket/4672-NGrid-REGrowth-Tariffs-Enrollment\(11-15-16\).pdf](http://www.ripuc.ri.gov/eventsactions/docket/4672-NGrid-REGrowth-Tariffs-Enrollment(11-15-16).pdf).

¹³ *Id.*, Sch. IS-3 and Sch. IS-4.

¹⁴ National Grid's Tariff Advice Filing, Sch. IS-1 and Sch. IS-2.

¹⁵ National Grid's Filing, Sch. IS-3 at 129 and Sch. IS-5 at 209.

II. Tariff and Solicitation and Enrollment Process Rules

A. National Grid's Prefiled Testimony

National Grid filed testimony from Ian Springsteel, Director of U.S. Retail Regulatory Strategy, in support of the proposed revisions to the RE Growth Tariffs and Solicitation and Enrollment Process Rules.¹⁶ First, Mr. Springsteel testified that provisions were added to the Tariffs and Rules to implement Community Remote Distributed Generation. He stated that residential and non-residential customers participating in the new program would share bill credits from a remote renewable generation project, with greater than 250 kilowatts of capacity, in a manner similar to renewable projects installed at a customer's property, with one significant difference: bill credits from a Community Remote Distributed Generator would not include the distribution component of the retail rate.¹⁷ He explained that the community remote distributed generator bill credits would be lower than bill credits provided to RE Growth customers with on-site generation.¹⁸ Mr. Springsteel opined that this new program would enable customers who cannot, or choose not to, install renewable projects on their property to participate in the RE Growth Program.¹⁹

Second, Mr. Springsteel addressed the Shared Solar provision which is designed to permit customers in multi-family, multi-business, and multi-building campus settings to install and share bill credits from nearby solar facilities that have nameplate capacity up to 250 kilowatts.²⁰ He explained that bill credits associated with Shared Solar facilities may be shared with customers in the same customer class (residential or commercial) on the same or adjacent properties, while

¹⁶ Springsteel Test. at 1 (Nov. 16, 2017).

¹⁷ *Id.* at 3. Community Remote Distributed Generation projects receive the same Performance Based Incentive as other projects in the same renewable energy class. R.I. Gen. Laws § 39-26.6-26.

¹⁸ Springsteel Test. at 4.

¹⁹ *Id.* at 12.

²⁰ *Id.* at 4.

public entities may share credits across an entire municipality.²¹ Mr. Springsteel noted that the proposed Tariff provided that parcels separated by a public way are not considered adjacent unless the property on both sides of the public way is part of the same parcel.²²

Mr. Springsteel also addressed modifications to the Tariffs and Rules not required by the recent amendments. National Grid proposed an optional rate provision for customers with Zero Energy Buildings to enable those customers to participate in RE Growth with on-site renewable generation, requiring those customers to buy back the Renewable Energy Certificates (RECs) from National Grid.²³ According to Mr. Springsteel, this would allow those customers to claim the environmental attributes associated with their on-site renewable generation.²⁴

National Grid also proposed changes in the SolarWise program to the required energy efficiency savings levels and the maximum facility sizing requirements that qualify customers for higher solar Performance Based Incentives.²⁵ Finally, National Grid proposed a requirement that customers have at least six months of electricity usage history in order to qualify for Bonus Tiers.²⁶ Mr. Springsteel explained that this prerequisite would address the difficulty of estimating energy savings as a percentage of use when a particular customer has very little actual usage to measure.²⁷

B. Division's Comments

On January 23, 2017, Division Consultant Carrie Gilbert, of Daymark Energy Advisors, filed a memorandum in support of the proposed Tariffs and Rules. Ms. Gilbert asserted that National Grid's proposals to to implement Community Remote Distributed Generation and Shared

²¹ *Id.* at 4.

²² *Id.* at 8-9.

²³ *Id.* at 4.

²⁴ *Id.* at 5. *See also* R.I. Gen. Laws chapter 39-26, the *Renewable Energy Standard*.

²⁵ *Id.* at 5. SolarWise offers a bonus award under the RE Growth Program to customers who achieve a certain level of energy efficiency savings and size their solar facility to reflect their reduced electric load.

²⁶ *Id.*

²⁷ *Id.*

Solar programs as part of the RE Growth Program were reasonable and responsive to the recent amendments.²⁸

Ms. Gilbert also supported the additional proposed changes. According to Ms. Gilbert, offering Zero Energy Building customers the opportunity to retain the environmental attributes of the renewable energy they generate on-site would allow these customers to meet personal goals related to green power usage.²⁹ With respect to the SolarWise program, she asserted that it was appropriate to estimate energy efficiency savings based on some history of actual energy use.³⁰

III. Distributed Generation Board's and OER's Filing

On November 10, 2016, the DG Board filed its proposed 2017 RE Growth recommended classes, ceiling prices, and capacity targets relative to specific technology and class sizes.³¹ The recommendations were endorsed by the Rhode Island Office of Energy Resources (OER).³² The proposed renewable energy classes and system size eligibility included the same technologies and classes that were approved for the 2016 RE Growth Program with the exception of an additional small wind class.³³ The DG Board also recommended five new classes for Community Remote projects that were the same as two existing solar and three existing wind classes.³⁴

As in prior years, the DG Board hired consultant Sustainable Energy Advantage to assist in the development of the ceiling prices.³⁵ The consultant used the Cost of Renewable Energy

²⁸ *Id.* at 1-2.

²⁹ *Id.* at 2.

³⁰ *Id.* Ms. Gilbert did not comment specifically on National Grid's proposal to allow the DG Board to review and approve changes to the SolarWise program, but offered a general opinion that the changes unrelated to the legislative amendments "made sense" to her.

³¹ Report and Recommendation of the Rhode Island Distributed Generation Board (Nov. 10, 2016) [hereinafter DG Board Filing]; http://www.ripuc.ri.gov/eventsactions/docket/4672-DGBoard-2017REGRept_11-11-16.pdf.

³² *Id.* at 1.

³³ *Id.* at 4. The proposed eligible system size for the small wind class was 10-999 kilowatts. The small wind class was included in the 2011-2013 Distributed Generation Standard Contracts Program.

³⁴ *Id.* at 5.

³⁵ *Id.* Sustainable Energy Advantage has advised the DG Board in the development of the 2011-2014 Distributed Generation Standard Contracts Program and the 2015-2016 RE Growth ceiling prices.

Spreadsheet Tool (CREST) to evaluate potential ceiling prices and considered the following data when developing the ceiling price recommendations: (1) state and federal incentives; (2) transactions for newly developed renewable energy projects in the ISO New England area and the Northeast Corridor; (3) historical data from the Distributed Generation Standard Contracts Program and the first two years of the RE Growth Program; (4) updated property tax laws; (5) Rhode Island and Massachusetts interconnection costs; (6) cost effectiveness of eligible technologies; and (7) public comments and data received from stakeholders.³⁶ The 2017 ceiling prices recommended by the DG Board included technology classes pertaining to Community Remote Distributed Generation, as required by the legislative amendments.³⁷ Finally, the DG Board recommended a 2017 allocation plan that would provide 40 megawatts of capacity, with 9.55 megawatts of capacity available for fixed priced projects and 30.45 megawatts available through a competitive bidding process.³⁸

The DG Board also recommended that National Grid's SolarWise program, which the Company launched in 2016, be included in the 2017 RE Growth Program.³⁹ Finally, the DG Board recommended a year-round open enrollment for the small solar classes, allowing homeowners, businesses, and renewable energy developers the opportunity to submit tariff applications to National Grid, on a rolling basis.⁴⁰

A. Prefiled Testimony in Support of the DG Board's Filing

On January 10, 2017, OER filed testimony in support of the ceiling prices from Kenneth F. Payne, PhD, Chairperson, of the DG Board; Christopher Kearns, OER's Chief of Program

³⁶ *Id.* at 5-6.

³⁷ *Id.* at 8.

³⁸ The DG Board's proposed 2017 RE Growth Program classes, ceiling prices, and capacity targets are attached as Exhibit A.

³⁹ *Id.* at 13.

⁴⁰ *Id.* at 13.

Development; and Jason Gifford, of Sustainable Energy Advantage.⁴¹ Dr. Payne testified that in past years, the calculation of proposed ceiling prices was more dependent on data from other jurisdictions in the Northeast. For the 2017 proposals, however, renewable energy installers provided information pertaining to Rhode Island's renewable energy market, creating a more robust process as a result of greater experience.⁴² Mr. Kearns added that OER provided assistance to the DG Board in the development of the proposed annual program plan, including recommendations on the ceiling price process, eligible renewable energy technologies, and allocation of capacity among the different technologies.⁴³

Mr. Gifford testified that he used the CREST model to develop ceiling prices, explaining the model was designed to calculate the cost of energy necessary for a modeled project to cover its expenses; service its debt obligations, if any; and meet its minimum required after-tax rate of return.⁴⁴ Development of the ceiling prices included stakeholder input on cost, performance, and financing assumptions related to each technology and size class being evaluated.⁴⁵ Mr. Gifford added that other data sources were also considered, particularly with respect to cost and financing trends, to encourage projects in Rhode Island that could be shown to be competitive with similar projects throughout the region.⁴⁶

B. Division's Comments

⁴¹ Testimony of Christopher Kearns (Jan. 10, 2017); http://www.ripuc.ri.gov/eventsactions/docket/4672-DGB-Kearns_1-10-17.pdf; Testimony of Kenneth F. Payne (Jan. 10, 2017); http://www.ripuc.ri.gov/eventsactions/docket/4672-DGB-Payne_1-10-17.pdf; Testimony of Jason Gifford (Jan. 10, 2017); http://www.ripuc.ri.gov/eventsactions/docket/4672-DGB-Gifford_1-10-17.pdf.

⁴² Payne Test. at 2.

⁴³ Kearns Test. at 2.

⁴⁴ Gifford Test. at 3.

⁴⁵ *Id.* at 6. Twenty-two stakeholders responded to a formal request for market data.

⁴⁶ Gifford Test. at 8.

On January 23, 2017, Ms. Gilbert filed a memorandum in support of the recommended classes, ceiling prices, and capacity targets.⁴⁷ She indicated that she reviewed the inputs used to determine the 2017 solar ceiling prices and found them to be reasonable.⁴⁸ Ms. Gilbert also noted that development of hydropower, wind, and anaerobic digestion technologies had been very limited under this program. She opined that ceiling prices were too low for development. Ms. Gilbert believed that flat to higher 2017 ceiling prices for these technologies, as compared to 2016 ceiling prices, would be reasonable.⁴⁹ Finally, Ms. Gilbert noted that the ceiling prices for the five new classes of Remoted Distributed Generation projects were about fifteen percent higher than the corresponding prices established for the same technologies and sizes in the existing classes. Ms. Gilbert offered that the increase prices reflected increased customer acquisition costs.⁵⁰

Ms. Gilbert asserted that the proposed 2017 allocation plan, with approximately eighty-two percent of the forty-megawatt capacity reserved for solar was reasonable, because the most consumer interest is in this resource. Ms. Gilbert believed that allocation of the remaining eighteen percent to other technologies was reasonable and supported resource diversity.⁵¹

On January 23, 2017, Division Attorney, Jon Hagopian, in a letter transmitting the Division's consultant's comments, noted that the RE Growth Program permits, but does not require, implementation of location-based incentives for distributed generation.⁵² He further indicated that National Grid did not currently offer location-based incentives to encourage the installation of renewable generation in areas of its distribution system that would provide the most

⁴⁷ Memo of Carrie Gilbert, Daymark Energy Advisors, (Jan. 23, 2017) [hereinafter Division's Memorandum on Targets and Ceiling Prices]; http://www.ripuc.ri.gov/eventsactions/docket/4672-DPU-Gilbert-CPMemo_1-23-17.pdf.

⁴⁸ *Id.* at 3.

⁴⁹ *Id.*

⁵⁰ *Id.* at 4.

⁵¹ *Id.*

⁵² Cover letter by Attorney Jon Hagopian at 1 (Jan. 23, 2017); http://www.ripuc.gov/eventsactions/docket/4672-DPU-Gilbert-CPMemo_1-23-17.pdf.

value. He opined that this omission potentially wastes ratepayer dollars that could be allocated more efficiently.⁵³ Attorney Hagopian also emphasized the importance of aligning distributed generation resources with peak times of electric demand. For these reasons, Attorney Hagopian recommended consideration of time-sensitive and location-based incentives as authorized under the RE Growth statute.⁵⁴

IV. Hearing

A. Distributed Generation Board's and OER's Filing

On March 21, 2017, the PUC conducted an evidentiary hearing on the filing.⁵⁵ DG Board Chairperson Payne testified in support of the DG Board's proposed ceiling prices and megawatt allocations, offering that the 2017 RE Growth Program plan supported State objectives for reducing greenhouse gas emissions under the Resilient Rhode Island Act.⁵⁶ He opined that the proposed ceiling prices were in-line with industry pricing and were very fair from a ratepayer perspective.⁵⁷ He noted that there was an intense focus on the balance between cost effectiveness by supporting lower cost projects and diversity by fulfilling the allocation targets across technologies.

Division Consultant Jason Gifford explained that it is often challenging to site and build wind turbines in their most optimal locations, due to cost and permitting considerations. Evidence of the cost to construct wind turbines where development is feasible was considered when designing the 2017 ceiling prices. Developers have continued to site projects inland, where

⁵³ Hagopian letter at 1-2.

⁵⁴ *Id.* at 2.

⁵⁵ Prior to the evidentiary hearing, the PUC conducted two Technical Records Sessions, on January 6, 2017 and January 11, 2017.

⁵⁶ Hr'g Tr. at 7-8 (Feb. 2, 2017). *See also* R.I. Gen. Laws chap. 42-6.2. The Act seeks to mitigate climate change impacts by reducing the State's greenhouse gas emissions. The ultimate goal is an 80 percent reduction of 1990 emission levels by 2050. R.I. Gen. Laws § 42-6.2(2)(iii).

⁵⁷ Hr'g Tr. at 8.

wind resources are weak compared to coastal areas, in order to successfully obtain permits.⁵⁸ Mr. Gifford acknowledged that inclusion of such behavioral analysis results in the higher ceiling prices and the potential that ratepayers pay more for wind generation than they would from a lower cost project, such as solar.⁵⁹

Mr. Gifford explained that the primary drivers for the decrease in ceiling prices for small solar installations were the declining costs of equipment and installation, and the recent implementation of a property tax exemption for residential solar.⁶⁰ Mr. Gifford stated competition had reduced ceiling prices for solar. For small wind installations, however, there was no evidence of competition, reflecting a dearth of development of these projects in New England.⁶¹ Mr. Gifford offered that the current stakeholder process, in contrast to prior years, suggested a possible renewed interest in smaller-scale wind development in Rhode Island, driven by the expectation that it would be easier to permit and locate.⁶²

Christopher Kearns, Chief of Program Development at OER, testified in support of location and time-based incentives.⁶³ Division consultant Carrie Gilbert noted the distribution system might benefit by inclusion of time and zonal incentives in the ceiling prices for wind technology, but that further study was needed.⁶⁴

National Grid's witness, Ian Springsteel, acknowledged that the Company was aware of great interest in locational-based pricing for distributed generation projects.⁶⁵ Mr. Springsteel

⁵⁸ Gifford Test. at 7.

⁵⁹ Hr'g Tr. at 25, 28.

⁶⁰ *Id.* at 28; *see also* DG Board Filing, Table V at 11, which reflects about a twenty percent decrease in proposed 2017 ceiling prices compared to the approved 2016 ceiling prices for small solar. *See also* R.I. Gen. Laws § 44-3-3(48), exempting residential renewable energy systems and associated equipment, effective December 31, 2015.

⁶¹ Hr'g Tr. at 52-53.

⁶² *Id.* at 72.

⁶³ Hr'g Tr. at 39, 41.

⁶⁴ *Id.*

⁶⁵ *Id.* at 100.

testified that the Company's area studies did not support increased pricing incentives.⁶⁶ He explained that the Company considered the age of an asset and load growth in determining whether distributed generation could off-set a system need. Only load growth in an area requiring replacement of a relatively new asset would justify a locational incentive. However, most load growth in Rhode Island is in areas where assets are generally close to the end of their useful lives and in need of replacement. Accordingly, the Company could not support the additional costs of incentives.⁶⁷

B. National Grid's Proposed Tariff and Rules Changes

Mr. Springsteel testified that National Grid sought two exemptions to the statutory requirement that customers must be in the same customer class to participate in the Shared Solar Program: (1) to allow a multi-unit, mixed-use building with both commercial and residential accounts; and (2) to allow an agricultural operation with commercial and residential accounts on the same parcel or adjacent parcels, to share a solar facility.⁶⁸ He stated that while the proposal was not included in the Company's original filing, the Company would submit proposed language in a revised tariff, were it approved. Mr. Springsteel acknowledged that the PUC may not have authority to grant exemptions to the statute.⁶⁹

On cross-examination, Mr. Springsteel testified that the SolarWise Program was designed to integrate renewables and energy efficiency by incentivizing solar installations by customers who were installing energy efficiency measures.⁷⁰ Mr. Springsteel averred that the Company's

⁶⁶ *Id.* at 100-101.

⁶⁷ *Id.* at 101-102.

⁶⁸ Hr'g Tr. at 91-92; *see also* R.I. Gen. Laws § 39-26.6-3(17).

⁶⁹ *Id.*

⁷⁰ Hr'g Tr. at 109.

bonuses motivate customers to install energy efficiency measures and there is no evidence that the SolarWise bonuses cause customers to install additional efficiency.⁷¹

Mr. Springsteel explained that because achieving efficiency savings had become more costly and challenging, the Company was contemplating lowering the amount of efficiency savings needed to qualify customers for higher solar Performance Based Incentives.⁷² He added that the bonuses are tied to a certain level of efficiency in order to reduce a customer's energy consumption, allowing for installation of smaller solar systems and, thus, reducing the costs of the RE Growth Program.⁷³ Mr. Springsteel indicated that a SolarWise customer would be paid more per kilowatt hour, but would generate less energy, resulting in a net savings.⁷⁴

Mr. Springfield agreed that the Company's proposed remuneration, \$18.6 million through the length of the twenty-five-year program, may be subject to reasonable performance standards established by the Commission, including the efficiency and timing of interconnection, the reasonableness of administrative costs, maximizing value from capacity and excess generation, and addressing customer complaints in a timely manner.⁷⁵

Finally, Mr. Springsteel addressed inquiries regarding the proposed Zero Energy Building rate option that would allow customers to buy back the RECs associated with their on-site generation. He acknowledged that likelihood that this provision would result in some customers over-purchasing RECs relative to the energy consumed on-site.⁷⁶ According to Mr. Springsteel, there would be no added cost to ratepayers who do not participate in the Zero Energy Building Rate Option.⁷⁷

⁷¹ *Id.* at 112, 121.

⁷² *Id.* at 120.

⁷³ *Id.* at 118.

⁷⁴ *Id.* at 130-131.

⁷⁵ *Id.* at 144-145.

⁷⁶ *Id.* at 153-154.

⁷⁷ *Id.* at 155-156.

VII. Commission Findings

A. DG Board's and OER's Recommendations

At an Open Meeting on February 10, 2017, the PUC voted unanimously to approve the DG Board's Report and Recommendations Relating to the 2017 Renewable Energy Growth Program Classes, Ceiling Prices, and Targets, as filed. The record showed that the DG Board's recommendations were reasonable and consistent with the R.E. Growth Act. Testimony indicated that the Classes, Ceiling Prices, and Capacity Targets were developed through a data-driven approach designed to strike a balance between cost-effectiveness, by supporting lower cost solar projects, and diversity, by fulfilling the allocation targets across less robust technologies, including wind, hydropower, and anaerobic digestion. The evidence showed the Ceiling Prices and Targets to be reasonable, well-analyzed, and based on national, regional, and Rhode Island-specific data, when available. The PUC noted the DG Board's recommendations were supported by OER, National Grid, and the Division.

The RE Growth Program was designed to achieve a specific amount of renewable energy development "at reasonable cost and through competitive processes."⁷⁸ The record established that the program has experienced competition in the solar area, as evidenced by declining ceiling prices in many of the solar classes. However, it also indicated no competition for the wind categories. In addition, it revealed a lack of regional price data for small-scale wind projects because these projects were not being developed in New England. The record also demonstrated that turbines were being sited in-land, where wind resources are weak. The Commission indicated concern that the lack of competition; siting in sub-optimal areas, because of permitting problems;

⁷⁸ R.I. Gen. Laws § 39-26.6-2.

and lack of regional pricing data would all lead to non cost-effective ceiling prices for wind categories.

The Commission found that ceiling prices should support the integration of distributed renewable generation in a manner that achieves optimal allocation of benefits for the overall distribution system. The Commission noted that the R.E. Growth Act authorized the DG Board to consider system benefits when designing ceiling prices and targets.⁷⁹ Therefore, the Commission ordered the DG Board to review and consider the full cost and system benefits of distributed generation projects as part of ceiling price development for Program Year 2018. That review should include, but not be limited to, locational and temporal distribution system benefits and costs and incorporation of those cost and benefits into the ceiling prices. The DG Board was not required to include locational and temporal pricing in its 2018 Program Year filing.

B. National Grid's Proposed Tariff and Rules Changes

The Commission indicated the importance of National Grid taking a proactive approach to managing the additional complexities and benefits of distributed generation through careful integration of those resources so as to capture system-wide benefits. The RE Growth Program authorizes National Grid to propose incentives for specific projects in designated geographical locations where there is an identifiable system benefit, reliability benefit, or cost savings.⁸⁰ Therefore, the Commission ordered National Grid to at least explore offering locational and temporal incentives as part of ceiling price development in its 2018 filing.

The PUC found that the record supported a one-year delay in the implementation of National Grid's REC buy-back provision for the Zero Energy Building Program. The Company had candidly acknowledged that the proposed REC buy-back would result in some customers over-

⁷⁹ R.I. Gen. Laws § 39-26.6-5(d).

⁸⁰ R.I. Gen. Laws § 39-26.6-22.

purchasing RECs relative to their energy consumed on-site. In support of the proposal, the Company offered there would be no added cost to ratepayers who do not participate in the Zero Energy Building Program. While the Commission supported the Company's commendable goal of allowing customers to retain the environmental attributes of their on-site generation, the Commission found it ill-advised to approve a proposal that might cause even a small subset of ratepayers to voluntarily or otherwise overpay to achieve that goal. The Commission encouraged National Grid to explore options that would support the Zero Energy Building rate option without unnecessary costs to any ratepayers.

Addressing National Grid's SolarWise Program proposals, the PUC. The PUC denied National Grid's suggestion that the Commission delegate to the DG Board its authority to review and approve changes to the efficiency savings targets and the sizing requirements for solar installations. The R.E.Growth Act provides that the Commission should retain "exclusive jurisdiction" over the tariffs and solicitation rules.⁸¹ The PUC found that this jurisdiction extended to the SolarWise provisions and, therefore, that it may not delegate its authority to the DG Board. The record showed that the SolarWise program is intended to integrate energy efficiency and distributed solar generation by tying energy efficiency savings targets to a bonus Performance Based Incentive. However, it was not clear from the record that this goal was being achieved in a cost-effective manner. Thus, the PUC directed staff to develop a list of things to track on the SolarWise program and to work with National Grid on a process for reporting the data in its filing for Program Year 2018.

The PUC found the Company's second proposal, that a customer have at least six months of usage history in order to be eligible for a SolarWise bonus Performance Based Incentive, to be

⁸¹ R.I. Gen. Laws § 39-26.6-10(d).

reasonable and concluded it would produce more accurate estimates. The Division had supported this proposal, agreeing it was appropriate to estimate energy efficiency savings based on history of actual energy use.

Finding that it lacked the authority to amend a state statute, the PUC denied National Grid's request to approve an exemption to the statutory requirement that customers must be in the same customer class to participate in the Shared Solar Program.⁸² The PUC also addressed the Company's statutorily authorized incentive, which is subject to certain performance standards articulated in statute: (1) meeting project classification targets, or if not met, such failure was beyond the reasonable control of the Company; and (2) timely processing applications and completing interconnections; as well as additional specific performance standards established by the PUC.⁸³ The PUC noted that well-tailored performance standards provide specific guidance on important state and regulatory policy goals, while incentivizing the Company to achieve those goals. Without performance metrics, National Grid may have little incentive or guidance for achieving specific policy goals.

The PUC further found that, to be effective, performance standards must be designed and implemented with clearly defined metrics that can be readily quantified using reasonably available data. It directed National Grid to file for Program Year 2018 a proposed incentive structure that should include performance metrics for interconnection and may include performance metrics for administrative costs that would capture capacity value, capture the value of the excess generation, address customer and/or applicant issues, and include additional performance metrics the

⁸² The Company proposed an exemption to allow a multi-unit, mixed-use buildings with commercial and residential accounts, and agricultural operations with commercial and residential accounts to qualify for the Shared Solar Program.

⁸³ R.I. Gen. Laws § 26.6-12(j). National Grid is authorized to receive an incentive equal to 1.75% of the annual value of performance-based incentives.

Company may determine. National Grid should additionally identify and track data for each proposed performance metric.

Accordingly, it is hereby

(23771) ORDERED:

1. The Rhode Island Distributed Generation Board's Report and Recommendations Relating to the 2017 Renewable Energy Growth Program Classes, Ceiling Prices, and Targets, submitted to the PUC on November 10, 2016, are approved as filed. The classes, ceiling prices, and targets contained in the filing are incorporated by reference and attached to this Order as Appendix A, subject to the following modification: the DG Board shall review and consider the full cost and system benefits of distributed generation projects as part of ceiling price development for Program Year 2018. Such review and consideration shall include, but not be limited to, locational and temporal distribution system benefits and costs and incorporation of these costs and benefits into the ceiling prices. The DG Board is not required to include locational and temporal pricing in its 2018 Program Year filing.

2. The Renewable Energy Growth Program Tariff and Rule Changes and SolarWise Program Changes proposed by The Narragansett Electric Company d/b/a National Grid, filed on November 15, 2016, are hereby approved as filed, subject to the following modifications:

- a. The Narragansett Electric Company d/b/a National Grid shall address, but is not required to include, in its Program Year 2018 filing the opportunity of offering locational and temporal incentives as part of ceiling price development;
- b. Implementation of The Narragansett Electric Company d/b/a National Grid's proposed Zero Energy Building rate option is hereby delayed one year;

c. The Narragansett Electric Company d/b/a National Grid's proposal that the PUC delegate to the Distributed Generation Board its authority to review and approve changes to SolarWise efficiency savings targets and sizing requirements for solar installations is denied;

d. The Narragansett Electric Company d/b/a National Grid shall work with PUC staff on a process for tracking and reporting data identified by staff for inclusion in the Company's SolarWise Program Year 2018 filing;

e. The Narragansett Electric Company d/b/a National Grid shall include in its Renewable Energy Growth Program Year 2018 filing a proposed incentive structure for the PUC to consider that shall include performance metrics for interconnection, and may include performance metrics for administrative costs, capturing capacity value, capturing the value of the excess generation, addressing customer and/or applicant issues, and any additional performance metrics as determined by the Company. The Narragansett Electric Company d/b/a National Grid shall identify and track data for each proposed performance metric.

3. The Narragansett Electric Company d/b/a National Grid's proposal that the PUC create two exemptions to allow a multi-unit, mixed-use buildings with commercial and residential accounts, and agricultural operations with commercial and residential accounts to qualify for the Shared Solar Program is denied.

4. All Renewable Energy Growth Program Tariffs and Solicitation and Enrollment Rules hereinafter filed by Narragansett Electric Company d/b/a National Grid and the Company's SolarWise Program shall be consistent with this Order, unless otherwise modified by subsequent order of the PUC.

EFFECTIVE AT WARWICK, RHODE ISLAND ON FEBRUARY 10, 2017
PURSUANT TO AN OPEN MEETING DECISION ON FEBRUARY 10, 2017. WRITTEN
ORDER ISSUED FEBRUARY 13, 2020.

PUBLIC UTILITIES COMMISSION



Margaret E. Curran

Margaret E. Curran, Chairperson

*Herbert F. DeSimone, Jr., Commissioner

Marion S. Gold

Marion S. Gold, Commissioner

*Note: Commissioner DeSimone participated in this decision but was unavailable for signature.

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 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.

Exhibit A

The DG Board recommended the following classes and eligible system sizes for solar, wind, anaerobic digestion, and small-scale hydropower:

Table I

<u>Technology Class</u>	<u>Eligible System Sizes</u>
Small Solar I – Host Owned	1 to 10 kW DC
Small Solar I – Third Party Owned	1 to 10 kW DC
Small Solar II	11 to 25 kW DC
Medium Solar	26 to 250 kW DC
Commercial Solar	251 to 999 kW DC
Large Solar	1 to 5 MW DC
Small Wind	10 to 999 kW DC
Wind I	1.0 to 2.99 MW DC
Wind II	3.0 to 5.0 MW DC
Wind III	3.0 to 5.0 MW DC
Anaerobic Digestion I	150 to 500 kW DC
Anaerobic Digestion II	501 kW to 1 MW DC
Small Scale Hydropower I	10 to 250 kW DC
Small Scale Hydropower II	251 kW to 1 MW DC

The DG Board recommended the following Community Remote Distributed Generation classes and eligible system sizes for solar and wind:

Table II

<u>Technology</u>	<u>Eligible System Sizes</u>
Community Remote – Commercial Solar	251 to 999 kW DC
Community Remote – Large Solar	1 to 5 MW DC
Community Remote – Wind I	1.0 to 2.99 MW DC
Community Remote – Wind II	3.0 to 5.0 MW DC
Community Remote – Wind III	3.0 to 5.0 MW DC

The DG Board recommended the following ceiling prices for 2017:

Table III

<u>Technology</u>	<u>Ceiling Prices (¢/kWh)</u>
Small Solar I – Host Owned (15 Year Tariff)	34.75
Small Solar I – Host Owned (20 Year Tariff)	30.85
Small Solar I – Third Party Owned (15 Year Tariff)	27.05
Small Solar I – Third Party Owned (20 Year Tariff)	24.05
Small Solar II (11-25)	27.75
Medium Solar (26-250)	22.75
Commercial Solar	18.75
Large Solar	15.05
Small Wind	21.45
Wind I	19.45
Wind II	18.25
Wind III	17.35
Anaerobic Digestion I	20.15
Anaerobic Digestion II	20.15
Small Scale Hydropower I	22.45
Small Scale Hydropower II	22.45

The DG Board proposed the following ceiling prices for Community Remote Distributed Generation:

Table IV

<u>Technology</u>	<u>Ceiling Prices (¢/kWh)</u>
Community Remote – Commercial Solar	20.65
Community Remote – Large Solar	16.85
Community Remote – Wind I	20.65
Community Remote – Wind II	19.35
Community Remote – Wind III	18.55

The DG Board proposed the following allocation for 2017:

<u>Technology/Classes</u>	<u>Megawatt/Kilowatt Allocation</u>
Small Solar I – Host Owned (15 Year Tariff)	
Small Solar I – Host Owned (20 Year Tariff)	
Small Solar I – Third Party Owned (15 Year Tariff)	6.55 MW
Small Solar I – Third Party Owned (20 Year Tariff)	
Small Solar II (11-25)	
Medium Solar (26-250)	3.0 MW
Commercial Solar	5.0 MW
Community Remote - Commercial Solar	3.0 MW
Large Solar	12.05 MW
Community Remote - Large Solar	3.0 MW
Small Wind	0.400 MW
Community Remote and Non-Community Remote Wind I, II and III	6.0 MW
Anaerobic Digestion I	
Anaerobic Digestion II	1.0 MW
Small Scale Hydropower I	
Small Scale Hydropower II	
Total	40 MW