

February 3, 2017

Ms. Luly Massaro, Clerk  
RI Public Utilities Commission  
89 Jefferson Blvd.  
Warwick, RI 02888

**RE: Docket 4672 – REG and Ceiling Prices**

Dear Ms. Massaro,

I write to provide public comment in this docket. While my clients do not have the resources to participate in all of these proceedings, I write as a RI citizen and energy attorney with a long history of involvement with the development and implementation of this program out of concern for its integrity moving forward. I have three comments.

I. Right to Contest Interconnection Charges

The tariff should incorporate language about the interconnecting customer's right to contest interconnection costs that benefit all customers. See the highlighted provisions of law below.

§ 39-26.2-7 Standard contract – Form and provisions.

(2) The contract working group shall work in good faith to develop standard contracts that would be applicable for various technologies for both small and large distributed-generation projects. The standard contracts should balance the need for the project to obtain financing against the need for the distribution company to protect itself and its distribution customers against unreasonable risks. The standard contract should be developed from contracting terms typically utilized in the wholesale power industry, taking into account the size of each project and the technology. The standard contracts shall provide for the purchase of energy, capacity, renewable energy certificates, and all other environmental attributes and market products that are available, or may become available-from the distributed-generation facility. However, the electric-distribution company shall retain the right to separate out pricing for each market product under the contracts for administrative and accounting purposes to avoid any detrimental accounting effects or for administrative convenience, provided that such accounting, as specified in the contract, does not affect the price and financial benefits to the seller as a seller of a bundled product. The standard contract also shall:

(i) Hold the distributed-generation-facility owner liable for the cost of interconnection from the electric-distribution facility to the interconnect point with the distribution system, and for any upgrades to the existing electric-distribution system that may be required by the electric-distribution company. However, a distributed-generation-facility owner may appeal to the commission to reduce any required system upgrade costs to the extent such upgrades can be shown to benefit other customers of the electric-distribution company and the balance of such

costs shall be included in rates by the electric-distribution company for recovery in the year incurred or the year following incurrence;

That provision was to be incorporated in the REG tariff per this statute:

§ 39-26.6-5 Tariffs proposed and approved.

(a) Each year, for a period of at least five (5) program years, the electric-distribution company shall file tariffs with the commission that are designed to provide a multi-year stream of performance-based incentives to eligible renewable-distributed generation projects for a term of years, under terms and conditions set forth in the tariffs and approved by the commission. The tariffs shall set forth the rights and obligations of the owner of the distributed-generation project and the conditions upon which payment of performance-based incentives by the electric-distribution company will be paid. The tariffs shall include the non-price conditions set forth in §§ 39-26.2-7(2)(i) - (vii) for small distributed-generation projects (other than small- and medium-scale solar) and large distributed-generation projects; provided, however, that the time periods for such projects to reach ninety percent (90%) of output shall be extended to twenty-four (24) months (other than eligible anaerobic-digestion projects which shall be thirty-six (36) months, and eligible small-scale hydro, which shall be forty-eight (48) months).

I do not see that this right to contest interconnection costs has been set out in the current draft of the tariff and submit that the General Assembly has dictated that it must be pursuant to these statutes.

## II. Location Specific Incentives

The REG statute urges the implementation of location-based incentives.

### **§ 39-26.6-22 Zonal and other incentive payments.**

In order to provide the electric-distribution company with the flexibility to encourage distributed-generation projects to be located in designated geographical areas within its load zone where there is an identifiable system benefit, reliability benefit, or cost savings to the distribution system in that geographical area, the electric-distribution company, in consultation with board and office, may propose to include an incentive-payment adder to the bid price of any winning bidder that proposes a distributed-generation project in the desired geographical area. The electric-distribution company also may propose other incentive payments to achieve other technical or public policy objectives that provide identifiable benefits to customers. Any incentive-payment adders must be approved by the commission, and shall not be counted as part of the bid price when the bids are selected at an enrollment event.

The value of such incentives has been an important part of the discussion in Docket 4600. It is clearly one means to better ensure that distributed generation projects help relieve the constraints on our

distribution system. However, the electric distribution company has yet to present a plan to implement these incentives and the Board has yet to demand one. When will this program take this step of implementing location-based incentives to better realize the capacity of distributed generation to avoid and reduce the need for distribution system investments?

III. Implementing Value Based Compensation for Distributed Generation

The REG statute allows for consideration of much more than cost of construction, revenue generating potential and rate of return in setting the ceiling price.

**§ 39-26.6-5 Tariffs proposed and approved.**

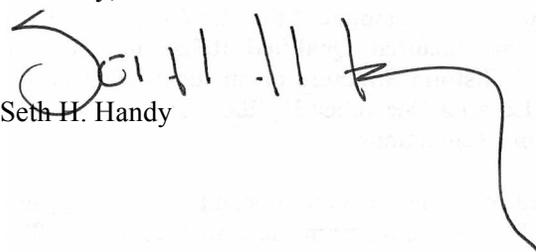
(d) The board shall use the same standards for setting ceiling prices as set forth in § 39-26.2-5. In setting the ceiling prices, the board may specifically consider:

- (1) Transactions for newly developed renewable-energy resources, by technology and size, in the ISO-NE control area and the northeast corridor;
- (2) Pricing from bids received during the previous program year;
- (3) Environmental benefits, including, but not limited to, reducing carbon emissions;
- (4) For community remote distributed generation systems, administrative costs and financial benefits for participating customers;
- (5) System benefits; and
- (6) Cost effectiveness.

Cost effectiveness, system benefit and environmental benefit are considerations at the heart of the Docket 4600 process of better evaluating and achieving customer value. Yet, I am unaware of any proposal from the electric distribution company or the DG Board to begin taking steps toward greater cost effectiveness, system benefit and environmental benefit by conducting the kind of cost/benefit analysis that has effectively been laid out in Docket 4600. While it may be premature to begin implementation of recommendations from that docket that have not issued yet, the writing is clearly on the wall that REG customers provide significant value that is not currently contemplated or integrated in the ceiling price methodology. Until that value is recognized, this program will not be sending an accurate signal to customers and thus will not realize all the value these projects provide.

Thank you for your consideration.

Sincerely,

  
Seth H. Handy