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August 20th, 2021

RE: Response to 2022 Proposed RE Growth Ceiling Prices

Dear Chris Kearns, Jim Kennerly, Toby Armstrong, Shauna Beland, and Jason Gifford,

Ecogy respectfully submits these comments in response to the 2022 RI REG proposed ceiling prices.

Ecogy Energy, based in Brooklyn, NY and founded in 2010, is an experienced developer, financier, and owner-operator of distributed generation projects across the U.S. and Caribbean. Ecogy appreciates Rhode Island's leadership in creating the canopy adder incentive and for exploring incentives and policies aimed at public policy goals, including encouraging optimally sited solar PV systems on rooftops, canopies, brownfields and projects closer to load.

Ecogy's focus and niche is on the <1 MW arena, particularly on systems sited on rooftops, parking lots and brownfields. Ecogy believes that with sound planning, proper development and fair incentives for these types of projects, the State, its residents, and the clean energy industry as a whole will ultimately be more successful. **By focusing on such projects constructed in and on the built environment, the development community can preserve precious and limited natural resources while directing the benefits of the RE Growth program to local small businesses, property owners, nonprofits and other organizations that need them most.** These benefits, including new revenue streams and discounted electricity (through CRDG) will in turn allow such organizations to continue their operations serving the Ocean State, creating jobs, expanding municipal tax bases and stimulating local economies.

In accordance with the values held by Rhode Island through the RE Growth Program, Ecogy strives to create smaller-scale projects that are sited upon already existing infrastructure, and directly benefit the local economy.

Case Study 1:
Location: Providence, Rhode Island
System Size: 250 kW DC
Installation Type: Roof-Mount Solar

Ecogy Contech is a 250 kW DC RE Growth system in the Olneyville neighborhood of Providence, RI. The system is sited on the rooftop of Contech Medical Inc., a medical device contract manufacturer and the largest employer in Olneyville.

Case Study 2:
Location: Warren, Rhode Island
System Size: 250 kW DC
Installation Type: Roof-Mount Solar

Ecogy Windsor is a 250 kW ballasted rooftop system on a new roof hosted by 30 Cutler - a Community of Arts and Businesses in Warren, RI. The solar system utilized bifacial panels on the brand new white roof surface to maximize production and grid benefits for Rhode Island.

Post Tariff Project Revenue Assumption

On slide 19 of the "**Research, Analysis, & Discussion in Support of First Draft 2022 Program Year Ceiling Price Recommendations**" Presentation, SEA assumes that after the expiration of the RE Growth tariff, RE Growth projects will still be able to generate revenue via the Rhode Island net metering tariff. Ecogy strongly disagrees with this assumption and encourages SEA to reevaluate its inclusion in the modeling of the 2022 ceiling prices. The reason being that, firstly, Ecogy cannot sign a lease agreement with a property owner for more than 20 years since we cannot guarantee revenue past the RE Growth tariff. Ecogy has also observed that clients in the Ocean State have become more informed about the specifics of the RE Growth tariff and will not agree to a lease agreement that is longer than the 20 year guaranteed revenue term. Similarly, in Ecogy's 11 year history developing projects in Rhode Island, no lender has ever allowed us to assign value to any project past the 20 year term.

Additionally, inverters are guaranteed for a maximum of 10 to 15 years, after which point they must be changed. Switching inverters imposes a significant expense on the project which is not being taken into account by the post tariff revenue assumption. Moreover, in our experience Ecogy has never seen a roof warranty last longer than 20-years. The most common roof warranty in RI that we have seen is a Firestone warranty which covers a 15-year period and therefore the system would have to be removed at year 20 to reroof the property. Ecogy is happy to present roof warranties from our rooftop portfolio for SEA and the OER's review.

Ecogy is very hesitant of SEA's assumption that RE Growth projects will be able to receive an award under the net metering program, after the expiration of their tariff. Ecogy has observed first hand how project requirements have gotten stricter over the years. For instance, rapid shutdown requirements have evolved and become more rigorous. Further, a lot of new programs require projects to have strict technical requirements that legacy systems will not be able to satisfy in the future. Another concern about this assumption is that in the future the size of net metering programs may not be able to sustain additional RE Growth projects. Since net

metering programs only allow a certain amount of capacity in a given area, if that capacity fills up then legacy projects will not be able to apply.

Lastly, SEA must consider that enrolling projects in the net metering program will also result in a significant customer acquisition cost for developers. If SEA is to assume any sort of additional revenue past the tariff term then they must also include a customer acquisition cost for Community Remote Net Metering with a 2 percent inflation metric. Moreover, SEA must also take into account the additional company bandwidth and project management costs that will be required to reapply old RE Growth projects into a new net metering program. Furthermore, across the board, everything will be more expensive past year 20 including maintenance expenditures of the system.

Ecogy has submitted multiple rounds of comments regarding the post tariff revenue assumption. In fact, in our June 26th 2020 comments for the 2021 ceiling prices, Ecogy expressed similar concern about this assumption. Yet, despite our multiple comments SEA has continued to include this assumption in the modeling of the RE Growth Program. Ecogy urges SEA to listen to our input, as a developer with years of experience being on the ground in Rhode Island trying to make land-use conscious rooftop projects pencil.

Tangible Taxes

Nameplate capacity tax has been in regulation since 2017 and Ecogy has been subject to it across all of our Rhode Island projects. Hence it is crucial that SEA include tangible taxes in their modeling assumptions in order to get an accurate representation of the cost of solar projects.

Further, Ecogy would like to bring to the OER's attention that certain projects are experiencing significant issues when it comes to local taxes. For instance, our project in Warren, Rhode Island is currently facing issues due to complications with the tax assessor. Initially, from the rules established by the OER, Ecogy had understood that our project would be exempt from any local taxes. The reason being because in the Rules and Regulations for Commercial Renewable Energy Systems document[1], the OER states that any system installed on a residential or a manufacturing property is exempt from local tangible taxes. However, the tax assessor in the town of Warren told Ecogy that from his interpretation of the rule, the tax exemption only applies if the electricity is being consumed on site. This interpretation of the rule would mean that any RE Growth project installed at a manufacturing site will not be exempt, due to the nature of the RE Growth program. The town of Warren tax assessor reached out to the OER for clarification on this issue, who in turn said that they will leave it up to the assessor for interpretation. Ecogy would like to encourage the OER to clarify this rule so that projects bid under the RE Growth program are able to take advantage of the residential and manufacturing exemption.

[1]http://www.energy.ri.gov/documents/renewable/OER%20Rules%20and%20Regulations%20-%20Commercial%20Renewable%20Energy%20Systems%20Tangible%20Tax%20Value.pdf

Interconnection of Carport Canopies

Ecogy would like to bring to the OER's attention an issue facing our project in Rhode Island. Our rooftop and canopy project in Wakefield, Rhode Island was submitted to the RE Growth program in the July auction. Due to the fact that the interconnection cost for this project was too high, we are unable to receive the canopy adder as per the current rules of the RE Growth program. The reason interconnection costs for this project are so high is because National Grid has to move around existing service equipment. This is in turn raising the interconnection cost. However, this is not an uncommon occurrence during the interconnection process and is something that many solar projects have to confront. Hence, Ecogy believes that carport projects should not be penalized for high interconnection costs and should still be eligible for the carport adder.

Imposing interconnection cost caps for the carport adder will discourage the development of carport projects in Rhode Island. Ecogy strongly believes that carport projects should be encouraged since they are land use conscious given that they are constructed atop the built environment, provide businesses with a visible green energy initiative and can be used to increase EV charging capabilities. Additionally, carport projects can support the Electrify RI program because they can increase the development of EV charging stations.

Installed Costs / New York Data

On slide 68 of SEA's powerpoint, Titled "**Medium, Commercial, and Large Solar Installed Costs**" a few data points regarding NYS Project Costs in $/kW are included which seem to be inaccurate based on the data analysis carried out in the following manner. First, filtering out all data points that are outside the 251-999kW range, then excluding all completion dates that do not fall within the year 2020, we have created the proper range. Then, we take the cost of each project and divide it by its nameplate kW and finally average all $/kW values to reach our final average. This process was duplicated for project year 2021 (6 months).

25-250kW (2020):
Average Project Cost: $ 255,142.83
Average Project Size: 89.81 DC
Average $/kW: $ 3,041.24

25-250kW (2021):
Average Project Cost: $ 248,749.14
Average Project Size: 85.68 DC
Average $/kW: $ 3,229.76

251-999kW (2020):
Average Project Cost: $ 1,029,100.59

Average Project Size: 569.03 DC
Average $/kW: $ 1,860.14

251-999kW (2021):
Average Project Cost: $ 990,012.38
Average Project Size: 485.01 kW DC
Average $/kW: $ 2,064.50

SEA Assumptions:
25-250 kW 2020 - $3,089/kW
25-250 kW 2021 - $3,516/kW
251-999 kW 2020 - $2,333/kW
251-999 kW 2021 - $2,144/kW

Based on our analysis of the NYSERDA installed cost data, SEA's numbers are not accurate, especially for the Commercial-Scale 2020 category. Ecogy found that the average cost was $1860.14/kW whereas, SEA has calculated values equaling $2,333/kW. Additionally, we think it is worth noting that the 2021 commercial solar data is useless because SEA is using a $6/kW installed cost as the average, which is clearly not accurate nor representative of actual installed costs within Rhode Island.

Further, Ecogy believes that assuming Rhode Island has lower installed costs than New York State is an inaccurate assumption. This is due to the fact that projects in upstate New York face much lower project costs as they can be built with an easier permitting process due to fewer space constraints and more lax permitting. Furthermore, NY projects do not require a master electrician to be on site for every two laborers, which exponentially increases project costs in RI. For this reason, we do not believe that New York State is a logical comparison to Rhode Island, and should not be used as a modeling assumption for comparison.

This data was all compiled and calculated using the public excel spreadsheet, **Solar Electric Programs Reported by NYSERDA: Beginning 2000 | State of New York**[2]

Assumption: 30 year life of wind turbines

Ecogy rejects the assumption that wind turbines have a 30-year lifetime based on the warranties we have seen from major manufacturers, including EWT.[3] In our experience the longest warranty we have seen was 15 years.

[2] https://data.ny.gov/Energy-Environment/Solar-Electric-Programs-Reported-by-NYSERDA-Beginn/3x8r-34rs
[3] https://www.renewablesfirst.co.uk/windpower/wind-turbines/ewt-dw61-900-kw-wind-turbine/

Debt terms

Ecogy believes that SEA should not assume that all projects can source debt. In Ecogy's experience, it has been impossible to secure debt for a single project below 1MW. We have often been forced to create a portfolio of smaller projects totaling >1MW in order to secure debt, which is not always possible, especially with the competitive nature of the RI REG bidding process. In fact, we have only been able to find one lender in the past 4 years and we have had to sign a parent guarantee for that lending.

Site Lease Assumptions

Ecogy holds that site leases in Rhode Island are significantly more expensive than SEA is assuming. In order to illustrate this point, Ecogy has provided examples of lease agreements from projects we have signed in Rhode Island.

We thank you for careful consideration of these comments and appreciate your support of the clean energy industry in the Ocean State.

Warmest regards,

/s/

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