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April 27, 2022

**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 - The Distributed Generation Board - Budget Requests to Perform 2023 Renewable Energy Growth Program Development**

Dear Ms. Massaro:

In accordance with R.I. Gen. Laws § 39-26.6-4(b), the Rhode Island Distributed-Generation Board (“DG Board”), is requesting approval from the Public Utilities Commission (“PUC”) to perform ceiling price development for the 2023 Renewable Energy Growth (“REG”) Program year. The DG Board are respectfully requesting approval from the PUC to receive \$77,557 for the 2023 RE Growth Program year design. Please note that the DG Board formally approved this funding request at its past meeting on Monday, April 25<sup>th</sup>.

Please see attached memo with budget breakdown and associated tasks from the DG Board’s contracted consultant. Also, attached is the budget and tasks presentation from the DG Board meeting. If you have any questions, please do not hesitate to contact me.

Sincerely,

Enclosure

C: Docket #4604 Service List





# Sustainable Energy Advantage, LLC

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## Memorandum

**To:** Distributed Generation Board (DG Board) and Rhode Island Office of Energy Resources (OER)

**From:** Jim Kennerly, Sustainable Energy Advantage, LLC (SEA)

**Date:** April 25, 2022

**Re:** 2023 Renewable Energy Growth (REG) Program Year Ceiling Price Development Scope of Services & Budget Request

### Introduction/Background

The purpose of this memorandum is to support a request for funding for our firm’s 2023 program year ceiling price development services to OER and the DG Board.

### Proposed 2023 Program Year Budget & History of Recent PUC-Approved Budgets

SEA requests a base proposed budget of **\$77,557** to support the development of the 2023 PY ceiling prices. This request is comprised of \$65,000 to complete our contracted scope of work, as well as an additional \$12,557 to ensure sufficient funding for rebuttal testimony and related data requests (which was not budgeted as part of our contracted scope of work).

For a review of the budgets approved by the PUC for the five most recent past program years, please see the table below.

REG Program Year	PUC Approved Not-to-Exceed Budget (Docket 4604)
2018	\$68,000
2019	\$68,000
2020	\$65,000
2021	\$241,353
2022	\$164,565

**NOTE:** The budgetary values represent caps on the cost to ratepayers of SEA’s services – as a reminder, in a scenario in which SEA’s effort exceeds this cap, the company does not invoice to OER or State Purchasing.

### Changes from 2022 PY Request

There are two main drivers for budget changes relative to the 2022 and 2021 PY processes.

#### *Driver 1: No Additional One-Time Changes to the Ceiling Prices (or Public Policy Adders)*

For reference purposes, the annual activities that our team proposed (and budgeted for) in our 2020-2024 bid to provide REG ceiling price and program support services included:

- Developing a project schedule for OER/DG Board approval;
- Development of an initial Data Request and Survey;
- Three (3) rounds of ceiling price development;
- Two (2) rounds of stakeholder engagement, including:

- Two (2) technical sessions with stakeholders to take comments and answer questions;
- Two (2) rounds of receiving comments or other ceiling price input information (confidential or not);
- Supplemental Data Requests and/or Surveys (as needed);
- Attendance at the September or October DG Board meetings to answer questions regarding the recommended ceiling prices (prior to the Board’s vote); and
- Support before the PUC regarding the recommended prices, including;
  - Submitting *one round* (emphasis added) of (direct) testimony;
  - Attendance at 1-2 days of public hearings;
  - Any additional updates to the ceiling prices based on late-arriving changes to federal policy (and any subsequent Supplemental Testimony); and
  - Answering pre- and post-hearing data requests (as requested).

OER and the DG Board’s request for our services for the 2021 and 2022 program years included several specific (and supplemental) activities related to the evaluation of public policy adder pilot programs or the enhancement of the ceiling price inputs that go beyond the activities described above, which substantially increased our budget request relative to the typical \$65,000 level for the core services listed above. For the 2023 PY, however, our team does not propose to undertake any such supplemental activities.

Furthermore, even if major federal tax changes are enacted before or during the 2023 PY process (as we generally expect will occur), we anticipate that those changes can be more easily folded into our Data Request and Survey process, given they are more likely than not to occur closer to the beginning, rather than the end, of the process.

*Driver 2: Requirement for Additional Rebuttal Testimony*

Since the creation of the DG Standard Contracts program (and eventually, the REG program), our team has worked extensively to consult with stakeholders (including the DPUC) to address as many of their timely and evidence-based concerns regarding recommended ceiling prices as possible. Generally, the result of this extensive collaborative effort was that the DPUC offered its support of the proposed prices. Indeed, the DPUC’s support of the recommended prices in *all* prior DG Standard Contracts and REG dockets led our team to propose a five-year budget for the 2020-2024 program year development process support that did not include the filing of rebuttal testimony.

However, in both Dockets 5088 and 5202 (regarding the REG 2021 and 2022 PY programs), the DPUC objected to OER and the Board’s filing, which necessitated the drafting of rebuttal testimony in both cases. While our team provided rebuttal testimony in Docket 5088 from the witness stand during the public hearing, the scope of the DPUC’s objections to the recommended ceiling prices as filed in Docket 5202 were extensive enough to require our team to incur the cost of significant unbudgeted effort related to rebutting those objections. In short, prior to Dockets 5088 and 5202, the DPUC never previously contested the proposed ceiling prices at the PUC, and thus our base budget for PUC support was not designed to accommodate the activities needed to support OER and the Board in such a docket.

As a result, we propose to increase our requested budget by **\$12,557**, for a total of **\$77,557**, to ensure that a future need for rebuttal testimony does not cause our firm to render certain *reasonably foreseeable* efforts at our firm’s expense.

We detail the tasks involved in providing rebuttal testimony below:

- *Review of Testimony/Identification of Issues:* Upon the filing of direct testimony regarding the ceiling prices, our team would undertake a review of the testimony and determine which issues may require rebuttal or further clarification.
- *Discussion of Issues with Internal Team:* Following this identification, our team would work together to determine which issues to discuss and/or focus on in rebuttal testimony.
- *Drafting and Revising Rebuttal Testimony:* Following a team discussion, our witness(es) would move to undertake rebuttal testimony drafts, followed by filing the testimony.
- *Answering Data Requests Related to Rebuttal Testimony:* Following the filing of rebuttal testimony, our team also proposes to budget for responding to any relevant data requests from the Commission or docket participants, as necessary.

The cost of these four core activities is shown in Table 1 below.

*Table 1: Estimated Additional Cost of Rebuttal Testimony*

<b>Activity</b>	<b>Expected Cost</b>
<i>Review of Testimony/Identification of Issues</i>	\$2,251
<i>Discussion of Issues with Internal Team</i>	\$1,302
<i>Drafting and Revising Rebuttal Testimony</i>	\$7,644
<i>Potential Data Request Responses</i>	\$1,360
<b>Subtotal</b>	<b>\$12,557</b>

**NOTE:** SEA would plan to proceed with a \$65,000 annual budget for support (and would not invoice OER and State Purchasing above that amount) unless and until any direct testimony was filed in the docket in opposition to the recommended Ceiling Prices for the 2023 Program Year.

### Conclusion/Request

Therefore, SEA requests a budget of **\$77,557** for its support in developing 2023 PY proposed ceiling prices, inclusive of the potential need for rebuttal testimony.

We appreciate the opportunity to continue to serve the DG Board, OER and the State of Rhode Island in the implementation of the REG program.



**Sustainable  
Energy  
Advantage, LLC**

# **Renewable Energy Growth (REG) 2023 Program Year Ceiling Price Development Scope of Services & Budget Request**

**April 25, 2022**

# Overview of 2023 Budget Request

- 2023 Program Year Budget Request
  - Core contracted scope of work: \$65,000
  - Adjustment to core budget: \$12,557.
    - Rebuttal testimony, if required (not included in original core scope)
    - Incremental PUC Record Requests (not included in original core scope)
- Core Budget: \$65,000
- Adjusted Core Budget: \$77,557

Final budget request subject to change based upon PUC ruling.



# Summary of Original Core Scope (as in prior years)

- For reference, the original core scope of this engagement includes:
  - Developing a project schedule for OER/DG Board approval;
  - Development of an initial Data Request and Survey;
  - Three (3) rounds of ceiling price development;
  - Two (2) rounds of stakeholder engagement, including:
    - Two (2) technical sessions with stakeholders to take comments and answer questions;
    - Two (2) rounds of receiving comments or other ceiling price input information (confidential or not);
    - Supplemental Data Requests and/or Surveys (as needed);
  - Attendance at the September or October DG Board meetings to answer questions regarding the recommended ceiling prices (prior to the Board's vote); and
  - Support before the PUC regarding the recommended prices, including:
    - Submitting one round of Direct Testimony;
    - Attendance at 1-2 days of public hearings;
    - Any additional updates to the ceiling prices based on late-arriving changes to federal policy (and any subsequent Supplemental Testimony); and
    - Answering pre- and post-hearing data requests (as requested).

Final budget request subject to change based upon PUC ruling.





# Explanation of Changes from 2022 PY Request (1)

- **Overall, the 2023 request is substantially reduced from the 2021 and 2022 Program Years**
  - Reduction driven primarily by the absence of “one-time” changes to the ceiling prices or need for detailed analysis to support the dialogue surrounding public policy adders.
- **Changes for the 2023 PY, in response to events during the 2022 PY process:**
  - **The need for rebuttal testimony:**
    - DPUC’s filing of objections to recommended ceiling prices triggered the need for rebuttal testimony – which was not in SEA’s core budget
    - To address this, the 2023 PY budget request includes a provision for rebuttal testimony.

Final budget request subject to change based upon PUC ruling.





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