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April 12, 2023

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 Office of Energy Resources (OER) - Budget Requests to Perform 2024 Renewable Energy Growth Program Development

Dear Ms. Massaro:

In accordance with R.I. Gen. Laws § 39-26.6-4(b), the Rhode Island Office of Energy Resources (“OER”), in consultation with the Rhode Island Distributed Generation Board (“DG Board”), is requesting approval from the Public Utilities Commission (“PUC”) to perform program and ceiling price development for the 2024 Renewable Energy (“RE”) Growth Program year. OER and the DG Board are respectfully requesting approval from the PUC to receive \$79,120 for the 2024 RE Growth Program year design. Please note that the DG Board formally approved the submission of this request at its past meeting on March 27, 2023.

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

Sincerely,

Albert J. Vitali III, Esq.
Deputy Chief Legal Counsel

Enclosure

c: Docket #4604 Service List



Sustainable Energy Advantage, LLC

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Memorandum

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

From: Jim Kennerly and Tobin Armstrong, Sustainable Energy Advantage, LLC (SEA)

Date: April 4, 2023

Re: 2024 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 SEA's 2024 program year ceiling price development services to OER and the DG Board.

Proposed 2024 Program Year Budget & History of Recent PUC-Approved Budgets

SEA requests a proposed budget of **\$79,120** to support the development of the 2024 PY ceiling prices. This request is comprised of \$65,000 to complete our contracted scope of work, as well as an additional \$14,120 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
2023	\$77,577 (\$65,000 plus additional \$12,557 triggered upon need for rebuttal testimony)

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.

Components of SEA's Core Scope of Work for Ceiling Price Development

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:

- Development of 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 did not propose to undertake any such supplemental activities. We furthermore do not propose at this time to undertake any such supplemental activities for the 2024 PY.

Need for Budget Allocation for 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 for 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, over the past three years, in Dockets 5088, 5202 and 22-39-REG, the Division of Public Utilities and Carriers (DPUC) has objected to OER and the Board’s filing, which necessitated the drafting of rebuttal testimony in all three dockets. 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 the three dockets listed above, the DPUC did not previously contest 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 the budget associated with our core scope of work by **\$14,120**, for a total of **\$79,120**, 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, as was budgeted for the 2023 program year (based on SEA’s public/nonprofit rates for calendar year 2022) and the 2024 program year is shown in Table 1 below (based on SEA’s public/nonprofit rates for calendar year 2023, as adjusted upwards by 3.5% to anticipate forecasted changes in the company’s rates for 2024).¹

Table 1: Estimated Additional Cost of Rebuttal Testimony

Activity	Approved Budgeted Amount (2023 PY)	Proposed Budgeted Amount (2024 PY)
<i>Review of Testimony/Identification of Issues</i>	\$2,251	\$2,526
<i>Discussion of Issues with Internal Team</i>	\$1,302	\$1,451
<i>Drafting and Revising Rebuttal Testimony</i>	\$7,644	\$8,611
<i>Potential Data Request Responses</i>	\$1,360	\$1,532
Subtotal	\$12,557	\$14,120

NOTE #1: 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 2024 Program Year.

NOTE #2: The total hours associated with the budgetary headroom for both years are unchanged. Though SEA, for the 2023 PY process in Docket 22-39-REG, will invoice for less than the number of hours that would have brought it to the \$12,557 limit we requested in supplemental budget (triggered upon the filing of rebuttal testimony in 22-39-REG), SEA requests the full \$14,120 as budgetary headroom for 2024, given that the request is based on an estimate of hours associated with a more fulsome rebuttal than was required in 22-39-REG, which could be required in support of the 2024 PY proposed prices in a future docket.

Conclusion/Request

Therefore, SEA requests a budget of **\$79,120** for its support in developing 2024 PY proposed ceiling prices, inclusive of the potential need for rebuttal testimony.

We look forward to our thirteenth year in supporting OER, the DG Board and the State of Rhode Island in the implementation of the REG program and its predecessor.

¹ SEA is utilizing this forecasted adjustment to our 2023 public/nonprofit rates to accurately budget for the rebuttal support in light of the fact that all of said support, if necessary, would take place during calendar year 2024.