



STATE OF RHODE ISLAND
Department of Administration
DIVISION OF LEGAL SERVICES
One Capitol Hill, 4th Floor
Providence, RI 02908-5890

Tel: (401) 222-8880
Fax: (401) 222-8244

August 25, 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 2024-2026 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 a supplemental budget approval from the Public Utilities Commission (“PUC”) to perform program and ceiling price development for the Renewable Energy (“RE”) Growth Program, due to recent changes to the RE Growth law in June 2022.

OER and the DG Board are respectfully requesting approval of a supplemental budget of \$215,811 to perform the additional tasks associated with the amended law and developing the ceiling prices over a multiyear period instead of the traditional one-year program design. Please note that the DG Board formally approved the submission of this supplemental budget request at its past meeting on August 21, 2023.

Please see attached memo with budget breakdown and associated tasks from the DG Board’s contracted consultant. Please note that Task 0 referenced in the memo and the associated budget of \$79,120 was approved by the PUC on May 13, 2023. If you have any questions, please do not hesitate to contact me.

Sincerely,

Enclosure

C: Docket #4604 Service List



Sustainable Energy Advantage, LLC

161 Worcester Rd, Suite 503, Framingham, MA 01701 • 508.665.5850 • www.seadvantage.com

Memorandum

To: Rhode Island Office of Energy Resources and Distributed Generation Board (DG Board)
From: Jim Kennerly and Toby Armstrong, Sustainable Energy Advantage, LLC
Date: July 25, 2023
Re: Revised Memorandum Regarding Renewable Energy Growth Support Expanded Scope Cost Proposal Following Passage of 2023-S 684/2023-H 5853 – An Act Related to Public Utilities and Carriers – Net Metering

On May 31, 2023, the Rhode Island Public Utilities Commission unanimously approved Sustainable Energy Advantage’s (SEA’s) requested budget for the 2024 Renewable Energy Growth (REG) program year. This budget is described in Task 0, as described later in this memorandum, and was approved by the DG Board in late March.

Subsequently, on June 26, 2023, the companion bills [2023-S 684/2023-H 5853 – An Act Related to Public Utilities and Carriers – Net Metering](#) were enacted into law. The companion bills, as enacted, contain several major provisions that affect the Renewable Energy Growth Act (R.I.G.L. § 39-26.6), for both the 2024 program year and ten (10) program years thereafter. Most relevant for the program development process to take place during the remainder of 2023 and early 2024, the law as enacted:

- Permits OER and the DG Board to propose schedules of REG ceiling prices and capacity allocations for no more than three (3) program years in the future;
- Disqualifies projects sited on a “core forest”¹ parcel from REG program participation;
- Creates several new renewable energy classes, including for solar projects that are:
 - At least 5 MW but less than 10 MW;
 - At least 10 MW but less than 15 MW; and
 - At least 15 MW but less than 39 MW, but only if eligible projects are sited on “preferred sites”²;
- Directs either of OER, the DG Board, or Rhode Island Energy (RIE) to propose incentive-rate adders for projects on preferred sites “requir(ing) remediation.”

In response to the enactment of the new statutory language in these bills, the Office of Energy Resources (OER) directed Sustainable Energy Advantage (SEA) to develop a revised cost estimate for services associated with:

¹ A “core forest” parcel is defined in the newly enacted language as “unfragmented forest blocks of single or multiple parcels totaling two hundred fifty (250) acres or greater unbroken by development and at least twenty-five (25) acres from mapped roads”. The statute also limits the amount of tree clearing that may take place on a “core forest” parcel to no more than one hundred thousand square feet (100,000 sq. ft.) including “for work required for utility interconnection or development of a brownfield, in which case no more core forest than necessary for interconnection or brownfield development shall be removed.”

² The newly enacted language defines “preferred sites” as a location for a renewable energy system that has had prior development, including, but not limited to, landfills, gravel pits and quarries, highway and major road median strips, brownfields, superfund sites, parking lots or sites that are designated appropriate for carpools, and all rooftops including, but not limited to, residential, commercial, industrial, and municipal buildings.

- Developing forecasted ceiling price inputs (and ceiling prices) for either a 2- to 3-year period;
- Developing initial (and forecasted) ceiling price inputs (and ceiling prices) for the three new solar renewable energy classes listed above; and
- All additional stakeholder engagement required to achieve the above objectives.

In this memorandum, SEA describes its proposed cost estimate for this expanded scope, to assist OER and the DG Board with fulfillment of these legislative objectives. These tasks break down as follows:

- Task 0: Current Contracted and Approved Scope of 2024 Program Year REG Ceiling Price Support;
- Task 1: Incremental 2- and 3-year Forecasted Ceiling Price Input Development/Analytical Support;
- Task 2: Incremental New Solar Class Ceiling Price Development Analytical Support;
- Task 3: Incremental Stakeholder and Regulatory Engagement;
- Task 4: Project Management/Client Meetings.

A Note Regarding the Budget Amounts Described Below

During a DG Board meeting held July 24, 2023, the DG Board asked SEA a series of questions regarding the recurring and non-recurring nature of some of the costs proposed in an initial iteration of this memorandum, and the degree to which efforts under Task 1 would change based on whether the recommended pricing and capacity allocation spans over one, two or three years.

In response to the Board's questions, SEA has attempted herein to provide indicative, non-binding estimates of these values. Please also note that while we have made a good faith effort to separate recurring and non-recurring costs, the underlying activities involve overlap and leverage (of recurring activities to support non-recurring ones) which make it difficult to separate the level of effort with precision.

These estimates are also subject to the following caveats:

- SEA is unable to precisely forecast what either OER, the Board, or the PUC will do regarding either proposing, reviewing, approving, rejecting (or otherwise) a multi-year set of potential ceiling prices, and thus is unable to anticipate what activities and analyses future processes might require. As such, the percentage estimates described herein should be viewed with a substantial band of uncertainty.
- Currently, SEA is contracted to deliver REG ceiling price development support through the present support cycle. To continue providing REG ceiling price development support services following the current cycle, SEA would have to be engaged by OER and the Board to conduct future scopes of work beyond the current cycle. We offer three additional sub-caveats:
 - SEA's estimates of the percentage of non-recurring or recurring costs associated with these tasks should not be assumed by either OER or the Board to reflect a formal estimate of not-to-exceed costs for work that may occur following the current price development cycle;
 - SEA is uncertain as to what may be requested in the form of annual services required under such future requests for services; and
 - SEA is unable to say what degree of cost may or may not be incurred by a different contractor, if such a contractor were to be selected to perform these services.

In addition, regarding the Task 1 levels of effort between a two- or a three-year pricing plan:

- As part of the current process, SEA has, at OER's request, solicited stakeholder feedback on whether a single year, two-year or three-year pricing plan should be offered. Thus far, the response has been mixed and varies based upon the market participant in question.
- After undertaking an analysis of the budgeted efforts under Task 1, we do not believe that the levels of effort would vary materially based on whether a 2- or 3-year outlook is selected, because the added

effort is associated with expanding the analysis beyond a single year, not the number of years in question.

Task 0: Current Contracted Scope of 2024 Program Year REG Ceiling Price Support

Under this task, SEA will complete its current scope of work in support of developing Ceiling Prices for up to a 2- or 3-year period. This work includes a mixture of market research (including outreach to project developers and Rhode Island Energy), financial modeling and analysis, stakeholder engagement and support for the approval process at the Public Utilities Commission (PUC). The budget cap for this task (which has been approved by the PUC in several prior years) is **\$65,000**, with a potential increase contingent upon the need to file rebuttal testimony. If this contingency were to come to pass, the budget for Task 0 would be **\$79,120**.

Tasks 1-5 below represent incremental effort as requested by OER in developing this budget estimate.

Task 1: Incremental 2- and 3-year Forecasted Ceiling Price Input Development/Analytical Support

Overall, the newly enacted law's provisions allowing for a longer-term ceiling price pathway could potentially provide project developers with greater visibility into future maximum bid prices, and thus have more certainty regarding the investments they might make in developing projects under the REG program. However, the cost of developing renewable energy projects remains ever-changing, and thus a careful forecast of these components is required to ensure that prices are sufficient to stimulate healthy competitive bidding and result in the development of projects.

Therefore, under this task, SEA proposes the following subtasks and associated deliverables:

- Task 1.1: Preparation of REG Cost of Renewable Energy Spreadsheet Tool (CREST) model for establishing forecasted 2- to 3-year input outlooks.** To ensure that the ceiling prices proposed over a period of multiple program years, it is necessary to ensure that the CREST model can appropriately batch-process inputs that will be forecasted to change annually (or, at minimum, over the pendency of the multi-year plan). Therefore, activities under this subtask will include:
- Establishing which inputs need to be updated annually; and
 - Reprogramming REG CREST model and batch processing functions to incorporate a maximum 3-year period;
 - **Deliverable:** Revised CREST model (internal to SEA) capable of modeling up to 3-year ceiling price pathway.
 - **Percentage of Estimated Effort Assumed to be Non-Recurring:** SEA anticipates that approximately 80%-90% of the effort under this task would be non-recurring. This is because much of the identification of multi-year inputs, plus the actual programming and quality control effort required for the model to render multi-year results would need to only take place once, whereas changes to the base CREST model for the REG effort would be more cosmetic and superficial in nature. As noted above, we do not anticipate that the level of effort would be different for two years versus three.

- Task 1.2: Incremental development of first draft 2- and 3-year forecasted CREST model cost and/or financing inputs.** To ensure accurate forward-looking inputs over multiple years, SEA must undertake a variety of efforts to research, develop and benchmark a first draft of forecasted inputs for input types that change regularly. Activities related to this are expected to include:

- Incremental³ research and development (beyond Task 0 effort) of first draft forecasted inputs (via mix of desktop research, related quantitative analysis, and any necessary market participant inputs);
- Incremental development of first draft 2- and 3- year forecasted input modeling implications;
- Incremental internal discussion and determination of 2- and 3-year forecasted input modeling implications;
- Incremental effort in drafting first draft Ceiling Prices PowerPoint (PPT) associated with incorporating 2- and 3-year forecasted cost and financing inputs; and
- Cataloguing of post-stakeholder meeting feedback.
- **Deliverable:** First draft Ceiling Prices for 2- to 3-year pricing outlook, incorporating forecasted REG CREST inputs.
- **Percentage of Estimated Effort Assumed to be Non-Recurring:** SEA anticipates that approximately 60%-80% of the effort under this task would be non-recurring. This is because much of the PowerPoint development process would be streamlined, and much of the multi-year input data sources would also be established and extractable in a future effort. We also do not anticipate the effort would be any different for two years versus three.

Task 1.3: Incremental development of second draft 2- and 3-year forecasted CREST model cost and/or financing inputs. Following the first draft, SEA proposes to develop a second draft of said inputs in response to stakeholder feedback. Activities under this subtask include:

- Incremental research and development (beyond Task 0 effort) of second draft forecasted inputs (via mix of desktop research, related quantitative analysis, and any necessary market participant inputs);
- Incremental development of second draft 2- and 3- year forecasted input modeling implications;
- Incremental internal discussion and determination of 2- and 3-year forecasted input modeling implications;
- Incremental effort in drafting second draft Ceiling Prices associated with incorporating 2- and 3-year forecasted cost and financing inputs; and
- Cataloguing of post-stakeholder meeting feedback.
- **Deliverable:** Second draft Ceiling Prices for 2- to 3-year pricing outlook, incorporating forecasted REG CREST inputs.
- **Percentage of Estimated Effort Assumed to be Non-Recurring:** 60-80% (see Task 1.2)

Task 1.4: Incremental development of final recommended 2- or 3-year forecasted CREST model cost and/or financing inputs.⁴ Following the first draft, SEA proposes to develop a final recommended set of said inputs in response to stakeholder feedback. Activities under this subtask include:

- Incremental research and development (beyond Task 0 effort) of final recommended forecasted inputs (via mix of desktop research, related quantitative analysis, and any necessary market participant inputs);
- Incremental development of final recommended 2- and 3- year forecasted input modeling implications;
- Incremental internal discussion and determination of final recommended 2- and 3-year forecasted input modeling implications;
- Incremental effort in drafting final recommended Ceiling Prices PPT associated with incorporating 2- and 3-year forecasted cost and financing inputs; and
- Cataloguing of post-stakeholder meeting feedback.
- **Deliverable:** Final recommended Ceiling Prices for 2- to 3-year pricing outlook incorporating forecasted REG CREST inputs
- **Percentage of Estimated Effort Assumed to be Non-Recurring:** 60%-80% (see Task 1.2)

³ Please note that in this memorandum, “incremental” activities are those in excess of already-approved Task 0 efforts.

⁴ The instant proposal assumes that this decision (of 2- or 3-year pricing pathway) will be informed by OER and Board review of stakeholder feedback and analysis undertaken by the SEA team

Task	Total
Task 1: Incremental 2- and 3-year Forecasted Ceiling Price Input Development/Analytical Support	\$44,865

Task 2: Incremental New Solar Class Ceiling Price Development Analytical Support

As noted above, the newly enacted law requires development of ceiling prices for three new solar renewable energy classes. Two of these three classes include projects larger than 10 MW. As a result, the number of such projects is far more limited than smaller resource classes, and the number of projects for which accurate and representative costs data is already available is even more limited than that. Furthermore, because such projects are transmission-connected resources in most cases, projects larger than 10 MW have quite different interconnection and other cost profiles.

Therefore, in this task, SEA proposes an approach built on a mix of iterative bottom-up and top-down capital and operating cost analysis. The subtasks under this task and associated deliverables are listed here:

- Task 2.1: Data analysis of “preferred site” projects in 15-38.99 MW category.** The purpose of this task is to understand what “preferred site” projects might fall into this category (as now required by law) and determine what a reasonable proxy size for modeling and incremental cost estimate associated with setting a base ceiling price for projects in this category might be, and by when. Activities include:
- Establishing (based on the Synapse report and other resources) which types of preferred site projects are most likely to qualify in the 15-38.99 MW category;
 - Undertaking desktop research into such types of projects and including said research into a database of “preferred sites” in which projects at a 15-38.99 MW scale could be developed; and
 - Incorporating (where available) third-party findings into database of preferred sites and analyzing the database and analyzing the results.
 - **Deliverables:** Database of parcels capable of supporting development on preferred sites, and proposed proxy size for projects in this category.
 - **Percentage of Estimated Effort Assumed to be Non-Recurring:** SEA anticipates that approximately 85%-90% of the effort under this task would be non-recurring. Though we would expect to pull data and update a such a database in future years and conduct some more cursory degree of analysis in future years to explain and defend a reasonable proxy size for these projects, we would expect this to be a much more limited effort relative to the effort involved in establishing such a database (and proxy size) in the first place.

- Task 2.2: Survey research to inform capital and operating cost inputs for new 5-9.99 MW, 10-14.99 MW and 15-38.99 MW project categories.** While there is a relatively robust pipeline of 5-9.99 MW projects in Rhode Island (and thus we are well-positioned to do a top-down analysis of capital costs in that category, consistent with SEA’s previous approaches to REG capital cost estimation), there is not, at present, a substantial pipeline of projects in Rhode Island in the >10 MW size ranges sufficient to develop a top-down capital cost estimate for these projects. Thus, the purpose of this task is to collect input data from market participants necessary to develop a bottom-up cost analysis (which accounts for all major capital cost drivers for such projects) of projects in these categories. Such a bottom-up analysis will provide SEA with a more informed basis for developing ceiling prices in these two categories.

Activities include:

- Identifying all major 5-9.99 MW, 10-14.99 MW, and 15-38.99 MW participants regionally (including from various state DG databases, SEA’s Renewable Energy Market Outlook (REMO) research contacts, ISO transmission queue database, etc.)
- Developing a questionnaire and list of survey participants to validate top-down 5-9.99 MW inputs
- Developing a questionnaire to support market research on bottom-up cost inputs for 10-14.99 MW and 15-38.99 MW projects (including information regarding previous or ongoing development on preferred sites in Rhode Island to date)

- Fielding (and tabulating) results in a first “wave” of interviews, targeting 8-12 respondents in each of the two >10 MW categories described above.
- Utilizing values from first wave of interviews to develop bottom-up cost estimates for 10-14.99 MW and 15-38.99 MW categories
- Validating top-down 5-9.99 MW capital cost estimate, and bottom-up 10-14.99 MW and 15-38.99 MW estimate with second wave of interviews, targeting 8-12 respondents in each category
- **Deliverables:** Summary of survey research regarding capital and operating cost inputs for new solar categories
- **Percentage of Estimated Effort Assumed to be Non-Recurring:** Assuming that sufficient bids are received in these categories over time such that data regarding their bid prices and installed costs can be incorporated into our analysis, SEA anticipate approximately 80% of this effort will be non-recurring. If insufficient bidding takes place, we anticipate that this effort could be around 60% non-recurring, with some higher level of recurring effort needed to contact market participants and collect confidential, market-sensitive data regarding their project costs. Therefore, we believe a median figure of 70% non-recurring effort is reasonable to assume.

Task 2.3: Development of first draft new solar class ceiling prices. Under this subtask, our team would undertake incremental effort relative to the ceiling price process under prior law to utilize the inputs from the first and second survey waves to develop capital and operating cost estimates for the categories under the new law and use these to develop the first draft of ceiling prices. Activities include:

- Incremental internal discussion of modeling implications of survey research and proposal of first set of proposed capital cost inputs for new categories
- Calculating first draft ceiling prices in the new categories
- Incremental first draft ceiling price PPT development
- Post-stakeholder meeting cataloguing of feedback
- **Deliverables:** First draft ceiling price PPT and related stakeholder feedback
- **Percentage of Estimated Effort Assumed to be Non-Recurring:** SEA would anticipate around 85% of this effort to be non-recurring. The initial set of prices in new categories require a good deal more analysis and quality control effort, plus a good deal more time and effort into creating deliverable structure, the deliverable itself, and added explanation and methodology regarding the new classes. We would assume that nearly all the effort under this task would not recur due to streamlining in future such processes.

Task 2.4: Development of second draft and final recommended new solar class ceiling prices. Under this subtask, our team would undertake incremental effort relative to the ceiling price process under prior law to utilize stakeholder feedback to adjust the first draft of ceiling prices for both a second draft and a final recommended set of prices. Activities include:

- Incremental internal discussion of modeling implications of survey research and proposal of first set of proposed capital cost inputs for new categories
- Calculating second draft and final recommended ceiling prices in the new categories
- Incremental second draft and final recommended ceiling price PPT development
- Post-stakeholder meeting cataloguing of feedback following stakeholder meeting on second draft ceiling prices
- **Deliverables:** Second draft ceiling price PPT and related stakeholder feedback
- **Percentage of Estimated Effort Assumed to be Non-Recurring:** SEA would anticipate around 80%-90% of the effort under this subtask to be non-recurring. The initial set of prices in new categories require significantly more analysis and quality control effort, plus a good deal more time and effort into creating deliverable structure, the deliverable itself, and added explanation and methodology regarding the new classes. We would assume much of this effort would disappear due to streamlining in future such processes.

Task	Total
Task 2: Incremental New Solar Class Ceiling Price Development Analytical Support	\$88,605

Task 3: Development of Incentive Payment Adders on >1 MW Preferred Sites “Requir(ing) Remediation”

For projects sited on parcels of land (such as landfills and brownfields) that may “require remediation,” the newly enacted law requires any of OER, the Board, or RIE to propose incentive-rate adders. Given that SEA has previously analyzed these values as part of the [Evaluation of Rhode Island Distributed Generation Policies](#) process, we are well-positioned to undertake verification of the incremental costs (and the benefits and costs of such an approach) for projects greater than or equal to 1 MW requiring remediation prior to their productive use as a parcel to host solar projects. The subtasks required to complete this effort are described below.

- **Incentive-rate adder-eligible project incremental cost and benefit survey research.** To ensure appropriate values for such adders are proposed, SEA believes it is necessary to validate the incremental cost results from the *Evaluation of Rhode Island Distributed Generation Policies* benefit-cost analysis conducted early this year. Activities related to this subtask include:
 - Determine likely cost-effective >1 MW project types requiring incremental cost for remediation in development from *Evaluation of Rhode Island Distributed Generation Policies* benefit-cost analysis results
 - Sending data request to CommerceRI to obtain data about brownfield adder projects funded by Renewable Energy Fund (REF) funds;
 - Developing questionnaire to inform incremental capital and operating cost inputs for 1-5 MW, 5-10 MW and 10-15 MW categories for projects “requir(ing) remediation”;
 - Fielding of survey to 4-6 market participants each in 1-5 MW, 5-10 MW and 10-15 MW categories for projects "requir(ing) remediation";
 - Undertaking desktop research to determine if updates to (as required by the newly enacted legislation) conservation-based and climate adaptation-based benefit values are needed for later quantitative analysis
 - **Deliverable:** Summary of survey research regarding incremental capital and operating cost inputs for use cases for preferred site projects “requir(ing) remediation”
 - **Percentage of Estimated Effort Assumed to be Non-Recurring:** SEA anticipates that around 60-80% of this effort would be non-recurring in future such ceiling price development processes. Though it is necessary to conduct some market participant interviews to establish market-sensitive information regarding incremental costs, we anticipate that the number of such calls and the population of market participants will be narrower and more evident in the future.
- **Development of 1st draft and final recommended incentive-rate adders for projects >1 MW.** Following the development of this market participant-supplied cost information, SEA then plans to calculate the incremental cost values for projects “requir(ing) remediation” and evaluate the benefits and costs on a per-MW basis of such projects. Activities related to this subtask include:
 - Programming REG CREST to show specific adder results and benefit-cost model to show adder and benefit-cost results (by simplifying old programming)
 - Incremental internal discussion of modeling implications of survey research and proposal of first draft and final recommended incentive-rate adder values (informed by post-meeting stakeholder feedback following stakeholder meeting on first draft ceiling prices to inform
 - Calculating 1st draft and final recommended incentive-rate adders in categories >1 MW (including cost-effectiveness results)
 - Incremental first draft and final recommended ceiling price PPT development
 - **Deliverable:** PPTs including completed first draft and final recommended adder values

- **Percentage of Estimated Effort Assumed to be Non-Recurring:** SEA anticipates that around 80%-90% of the effort under this task would be non-recurring, given the significant degree of analytical streamlining that tends to happen over time with greater experience in a new programmatic segment relating to the development of modeling implications, analysis and deliverable development.

Task	Total
Task 3: Development of Incentive Payment Adders on >1 MW Preferred Sites "Requir(ing) Remediation"	\$41,322

Task 4: Incremental Stakeholder Engagement/Regulatory Activities

Given the placement of the enactment of this sweeping new statute at this point in the typical ceiling price development schedule, and given the substantially larger number (and complexity) of many of the issues required to be addressed by the new law, SEA anticipates there will be significant added needs for its consulting support related to engagement with:

- Market participants
- Other industry and/or environmental stakeholders
- Rhode Island Energy
- The Division of Public Utilities and Carriers (DPUC)
- The PUC

We describe the nature of these anticipated requirements, associated deliverables, and their expected cost, below.

Task 4.1: Incremental additional stakeholder meeting. Given the condensed nature of the remaining time until late October (when the DG Board must approve a filing with a forward-looking schedule of capacity allocations and ceiling prices), it appears likely that certain aspects of the stakeholder process associated with the filing will require one additional stakeholder meeting. Therefore, SEA has budgeted for the logistical preparatory time and execution associated with this effort.

- **Deliverable:** Additional stakeholder meeting to discuss final draft of new solar class prices and first draft of incentive-rate adder values
- **Percentage of Estimated Effort Assumed to be Non-Recurring:** SEA anticipates that 95%-100% of the effort under this task would be non-recurring, assuming that future technical meetings could be slightly extended to accommodate discussion of proposed adder values.

Task 4.2: Incremental DPUC/Rhode Island Energy (RIE) consultation. Given the expanded scope for the upcoming REG program development support cycle, we anticipate the need to closely consult with the DPUC and/or its consultants and RIE regarding the development of the late-2023 REG filing. SEA has assumed that at least two additional meetings will need to take place between our team and teams from the DPUC and Rhode Island Energy.

- **Deliverable:** At least two additional meetings with the DPUC and RIE
- **Percentage of Estimated Effort Assumed to be Non-Recurring:** SEA anticipates that between 40%-60% of the effort under this task would be non-recurring, assuming that future technical meetings could be slightly extended to accommodate discussion of proposed adder values. Though some of the time could be avoided eventually, it is our experience in assisting public sector clients that as renewable energy programs become larger and more complex, they often have higher stakes for stakeholders involved. Thus, more time is required during the period prior to filing to maximize the likelihood of resolving concerns that could otherwise emerge and require effort in the formal regulatory process to resolve.

Task 4.3: Incremental DG Board consultation. During a more typical year, SEA tends not to consult with the DG Board regularly, except for the times its budget and the final recommended prices are voted

upon. However, given the larger number of new activities required for the present support cycle, we anticipate that at least two additional meetings with the DG Board may be required.

- **Deliverable:** Additional meetings with the DG Board
- **Percentage of Estimated Effort Assumed to be Non-Recurring:** Considering the exceptionally large number of issues potentially at play during the 2024 planning cycle, SEA proposed this added number of meetings for our budget cap to ensure that we had a prudent degree of budgetary headroom to meet with the Board as it may desire. Therefore, SEA anticipates that if future years do not require as much consultation between SEA and the board, 100% of this effort could be considered non-recurring and can be avoided in the future. This is mostly attributable to how (the majority of time) SEA spends before the Board during a typical year in which there are fewer items at issue is usually billable to OER as part of our existing scope, or is not billable time to OER because it is time involved in securing funding for our support prior to executing the scope in question.

Task 4.4: Incremental PUC direct/rebuttal testimony development and data requests associated with forecasted ceiling prices, new solar categories, and incentive payment adders. SEA anticipates that there will be increased regulatory scrutiny relative to prior years, given the required consideration of expanded ceiling price categories and capacity allocations, ceiling prices for said capacity allocations and assumptions underlying forecasted ceiling prices for multiple future program years. Therefore, SEA anticipates it will need to file a substantial amount of additional direct and/or rebuttal testimony in support of the filing (potentially up to double the length of the typical testimony), as well as respond to an increased number of data requests (likely at least 3-4 sets) regarding our assumptions used in developing the filing. These assumptions have been built into the instant cost proposal.

- **Deliverable:** Direct/rebuttal testimony before the PUC and associated data request development
- **Percentage of Estimated Effort Assumed to be Non-Recurring:** Given the significantly expanded role the REG program will play in meeting the state's greenhouse gas and clean energy goals in years to come following passage of the new law, SEA believes it would be unwise for the Board or OER assume that our historical levels of effort will be sufficient to respond to requests likely to arise from the regulatory process. Indeed, in the recent past, SEA has had to undertake significant efforts at its own expense that have caused us to exceed the not-to-exceed budget caps approved for our effort. Therefore, we forecast that between 40-60% of this effort can be avoided in future years. We are not confident that further effort can be reduced at this time on a non-recurring basis, given that we are unable to forecast the level of effort responding to requests from the DPUC, PUC or other stakeholders could require during the regulatory process. Furthermore, the DPUC and the PUC have, to date, supported our increased budget requests for said regulatory engagement.

Task 4.5: Additional day of testimony. As noted above, SEA anticipates, based on its experience with public hearings before the PUC, that the breadth and depth of the issues that will arise from the filing could be substantial. As such, we believe the breadth and depth of issues the PUC will wish to explore will require an additional day of public hearing testimony relative to the typical single day.

- **Deliverable:** Attendance at up to two days (rather than one) associated with a public hearing regarding the expected late 2023 REG filing.
- **Percentage of Estimated Effort Assumed to be Non-Recurring:** Like the above, SEA believes that around 50% of this effort can be avoided in future years. As these filings and requests before the PUC become more complex, and as the number of docket participants could potentially increase as the number of issues increase, SEA is not yet confident that most of these expenses would be non-recurring. Finally, as noted above, the DPUC and the PUC have, to date, supported our increased budget requests associated with said regulatory engagement.

Task	Total
Task 4: Incremental Stakeholder Engagement/Regulatory Activities	\$37,316

Task 5: Project Management/Client Meetings

Under this task, SEA would hold six meetings associated with incremental efforts associated with this expanded scope once every two weeks.

Task	Total
Task 5: Project Management/Client Meetings	\$3,703

- Percentage of Estimated Effort Assumed to be Non-Recurring:** Historically, and relative to the typical year ceiling price process, these added meetings would only be proposed in support of a large consulting engagement such as for the development of public policy adders and/or pilot programs in prior program years. Therefore, it is difficult to say how much effort can be avoided in the future, given it is unclear to us at this time whether the REG program will begin moving to a multi-year plan process on a regular basis.

Total Projected Costs

The table below contains expected costs for all above-described tasks from the original budget proposal and the revised budget proposal.

Task	Revised Request
Task 0: Current Contracted Scope of REG Ceiling Price Development Support	\$65,000-\$79,120
Task 1: Incremental 2- and 3-year Forecasted Ceiling Price Input Development/ Analytical Support	\$44,865
Task 2: Incremental New Solar Class Ceiling Price Development Analytical Support	\$88,605
Task 3: Development of Incentive Payment Adders on >1 MW Preferred Sites "Requir(ing) Remediation"	\$41,322
Task 4: Incremental Stakeholder Engagement/Regulatory Activities	\$37,316
Task 5: Project Management/Client Meetings	\$3,703
Total Proposed Expanded Scope Budget Cap Value (Tasks 1-5)	\$215,811
Grand Total for Proposed Expanded Scope + Current Contracted Scope Budget Cap Value (Tasks 0-5)	\$280,811-\$294,931

SEA looks forward to any opportunity we might have to assist OER and the Board in implementing this important new law.