

February 16, 2023

VIA EMAIL

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Jim Kennerly, SEA, jkennerly@seadvantage.com

Karen Bradbury, Rhode Island Office of Energy Resources (OER),
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RE: Evaluation of Rhode Island Distributed Generation Policies: Stakeholder Meeting #1: Overview

Dear Cal Brown, Jim Kennerly, Karen Bradbury,

Ecogy Energy, based in Newport, RI and founded in 2010, is an experienced developer, financier, and owner-operator of distributed generation projects across the U.S. and Caribbean. Ecogy's focus and niche is on the <1 MW arena, particularly on systems sited on rooftops, parking lots, and brownfields. Ecogy is the leading developer in the medium solar category within the Rhode Island Renewable Energy Growth (REG) program with 7 rooftop projects that are operational and 15+ other projects that are in various stages throughout the development process such as interconnection, permitting, and construction. We look forward to engaging throughout the stakeholder process regarding the Evaluation of Rhode Island Distributed Generation Policies and respectfully submit the below comments.

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. Ecogy firmly believes that 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 local solar to small businesses, property owners, nonprofits, low-income individuals and other organizations that need them most.

Proposed Timeline and Process

The proposed timeline for stakeholder workshops in March and April is too short of a timeline which may result in a lack of stakeholder involvement in the inputs that are necessary to show how the market is operating. Ecogy believes that 30-day comment periods allow for more robust,

thoughtful, and well rounded analysis and participation. This analysis is critically important and we do not want to see it rushed, resulting in a diluted process.

Secondly, it is important to pay attention to distributional consequences of economic policies such as solar siting and equity challenges. As stated in the stakeholder meeting on February 9, 2023, a Benefit Cost Analysis (BCA) is not a good tool for uncovering distributional impacts and they are hard to quantify. Ecogy understands that we have to make choices about the types of analysis that will allow us to compare different policy designs. However, the BCA encourages business as usual so perhaps there should be a discussion regarding an alternative analysis to capture the full story of net metering (NM), virtual net metering (VNM) and Renewable Energy Growth (REG) laws.

For example, a Carport Adder and Benefit-Cost Analysis (BCA) was done by consultants Sustainable Energy Advantage (SEA) and Mondre Energy in August 2020 under Docket Number 5088. While most categories were not “deemed” economical due to a BCA ratio of less than 1.0, the commercial category presented positive societal and cost benefits to the program but still was not implemented. The report discussed that “Ecosystem services” have tangible impacts on human health, property, and quality of life; however, they are especially difficult to quantify, and vary significantly depending on the type of open space and location of land” (SEA & Mondre Energy, 2020).

There were other non-quantifiable benefits to solar carports such as lower operational costs for utilities, quicker deployment due to community support, willingness to pay to protect green space, protection from snow, rain, and sun, and benefits for commercial carport hosts in terms of branding and marketing (SEA & Mondre Energy, 2020). The advantages of carport projects ultimately relate to lower interconnection costs and improved placement on disturbed lands rather than undeveloped greenfields, which are policy objectives (SEA & Mondre Energy, 2020). For these reasons, in the NY-Sun program, eligible solar parking canopy projects have received an additional \$0.20 to \$0.30 cents per Watt and in the Solar Massachusetts Renewable Target or SMART Program, solar canopies receive \$0.06 cents per kWh. Rhode Island should also implement bid preferences for rooftops, parking lots, and brownfields as well as land use adders to make such projects more favorable.

R.I. Gen. Laws § 39-26.6

The Renewable Energy Growth Program’s purpose is to “facilitate and promote installation of grid-connected generation of renewable energy; support and encourage development of distributed renewable energy generation systems; reduce environmental impacts; reduce carbon emissions that contribute to climate change by encouraging the siting of renewable energy projects in the load zone of the electric distribution company; diversify the energy-generation sources within the load zone of the electric distribution company; stimulate economic development; improve distribution-system resilience and reliability within the load zone of the electric distribution company; and reduce distribution system costs.¹” In other words,

¹ R.I. Gen. Laws § 39-26.6-1

maximizing the state's solar potential, understanding economies of scale, minimizing the effects of siting, and lowering costs for ratepayers, are all equally important.

A reasonable market outcome is one that supports climate goals while maintaining balance economically, socially, and environmentally. The goal is not to support restrictive moratoriums, which can be observed all over the State in towns such as Johnston, Tiverton, Warwick, Exeter, Cranston, North Smithfield, and more due to ill-sited ground-mounted projects but instead to support solar siting that does not delay solar deployment. Based on data provided through Rhode Island Energy, projects are not being built in the program and RI is falling behind on responsible solar deployment.

As discussed, Ecogy prides itself on investing in optimal land use projects such as rooftop, canopy and brownfield ground mount installations. R.I. Gen. Laws § 39-26.6-22, passed in 2014, states that “the electric distribution company, in consultation with the board and the 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” and has yet to be worked on by the REG program. The program was created to incentivize zonal incentives closer to load; yet there has not been a true incentive or study of the accurate value it brings and benefits to ratepayers like New York’s Value of Distributed Energy Resources (VDER). For example, one of Ecogy’s projects located in a Locational System Relief Value (LSRV) area increases the compensation by \$0.08-\$0.10/kWh for 15 years due to its ability to offset grid and substation upgrades. Ecogy strongly believes that this is a missed opportunity by the State and the utilities to have greater system benefits, reliability benefits, and cost savings to the grid in urban environments.

Currently, developers are paid the same rate for electricity geographically, regardless of where the solar panels are located. Rhode Island should shift away from previous methods of compensation for Distributed Energy Resources (DERs) with limited accuracy and granularity, to a variable price mechanism that provides compensation based on the actual, calculable values that the generator output provides to the electric system. A variable price based compensation mechanism such as the Value of Distributed Energy Resources (“VDER” or “Value Stack”) in New York can appropriately structure market signals, reflecting the true value of DER. It made New York the nation’s largest and most active community solar market because it creates stable, cost-reflective price signals that align developer compensation and innovations with societal benefits.²

² Trabish, Herman K. “New York's Landmark Reforming the Energy Vision Framework Remains Both Vital and Unfinished, Analysts Say.” Utility Dive, 9 Dec. 2021, <https://www.utilitydive.com/news/new-yorks-landmark-reforming-the-energy-vision-framework-remains-both-vita/610015/>.

Improvements to the The Renewable Energy Growth Program

Auction Process

The Rhode Island Renewable Energy Growth (REG) program is the most arduous to participate in regarding timeline and volatility whereas neighboring and regional markets (MA, NY, NJ, DC, etc.) have rolling admissions that promote building confidence. Due to the current program tariff, developers must cease their work between October and April because the first enrollments historically have reached their allocated capacity. This results in an intense and high development phase before October to meet the April interconnection approval date. This stop-start nature of the development timeline leads to inconsistency. The RI REG program should progress to a bidding process reflective of market needs, such as seen by rolling admissions in competing markets.

Extension Options for Medium Solar

Medium-Scale projects cannot apply for either of the 6-month extensions afforded to larger projects in the REG program. This means they must be built and operational on a quicker timeline which not only drives up costs but adds additional risk onto a project that already has less economies of scale than the other categories. While Ecogy strives to develop well-sited medium scale projects with shorter build times, unpredictable events must be considered for smaller projects.

Solar Siting and Land Use Adders

One way state governments are moving solar energy developments away from undeveloped land is through incentives. The Solar Carport Incentive in Rhode Island's REG program was available during Program Years 2020 and 2021, up until March 31, 2022. The recent decision to discontinue the solar carport incentive for the 2022 Year disincentivizes the most optimal use of the land close to load and that steers solar farms away from forests and other open spaces. A solar carport adder should be reinstated as an incentive at a reasonable rate, and the REG program should incorporate land use and siting criteria into the design of the program moving forward. This is critical due to 69% of all forest loss in Rhode Island is from solar development, according to the Rhode Island Department of Environmental Management (DEM).³

The Massachusetts SMART program provides rooftop, canopy, floating, brownfield, landfill, agricultural and even pollinator adders (the first of its kind in the country). In June 2021, New Jersey Legislature passed an Act requiring that newly constructed warehouses be designed as

³ Lhowe, Mary. June 22, 2022. Leveling Forests for Solar: Advocates for Green Energy Square Off Over Trees vs. Panels. ecoRI News.

“solar-ready buildings”. Warehouses that are at least 100,000 square feet are required to reserve up to 40% of their roof area for solar arrays.⁴ As spaces for built-environment solar are limited, this law will ensure the availability of rooftops for solar arrays. In New York's Con Edison territory, Parking Canopy, Rooftop Canopy, Prevailing Wage, Community Solar, and Inclusive Community Solar adder are available.

State legislators and regulators keen on driving clean energy deployment must engage stakeholders like trade associations and developers, owners and operators such as Ecogy to understand their needs while designing incentives.

Interconnection

Ill-sited large ground mount projects which have long interconnection timelines are delaying the interconnection process of smaller well-sited rooftop projects. It is critical that smaller-to-medium scale projects be afforded fast interconnection processes to streamline such beneficial projects. Such large ground mount projects have also caused moratoriums across the Ocean State which have lumped in all solar development. This is an indirect result in the REG program not directly differentiating between ground-mounted and roof-mounted systems but rather directly benefiting ground-mount projects by putting them in the same auction and capacity as roof-mounts even though ground-mounts have higher production, lower lease payments and simpler interconnection and build processes. A quicker interconnection process for projects under 200 kW would effectively combat issues with most projects being pushed to immediately get avoidable impact studies which significantly increases build times.

Similarly, utilities can reduce the costs of small to moderate projects and support quicker development timelines that ratepayers can depend on, such as ensuring a solar developer is not expected to solely pay for service upgrades on old building services by analyzing and implementing more equitable cost sharing plans. While interconnection may be granted in some cases, the high costs associated with approval aren't always feasible and there needs to be change if we are going to meet our climate goals in Rhode Island. These costs aren't transparent and developers find it difficult to forecast. For example, we've encountered high meter relocation costs that prevent projects from penciling. Due to utility rules around the service, there tends not to be alternative solutions with contractors and the utility, which can terminate an entire project.

Bifurcation of Medium-Scale Category and Building Code Requirements

Bifurcation of the medium solar category into 150 kW and 250 kW classes is necessary for program success, especially as RI has adopted the 2021 International Building Code which requires 10 ft setbacks from the building edge with a parapet wall less than 42" in height and which 2021 International Building Code ("IBC") will restrict even further. The new building code requires 10 ft setbacks - nearly double what was required in the previous code. With this in

⁴ New Jersey Bill A3352 Acs (ACS)

mind, it is likely that rooftop projects will begin to trend to smaller sizes in the same square footage, meaning the total incentive received will decrease (smaller system size), or site lease payments will have to increase and thus, total project cost will increase on a per kW basis. Furthermore, fixed costs affect smaller projects to a much greater degree since there are no savings as a result of economies of scale. The same amount of space on a commercial roof in previous program years will yield a smaller amount of solar capacity even with higher wattage panels and creative solutions to try and yield the maximum capacity. It is for these reasons that we strongly encourage the program to focus and support smaller size categories as the majority of roofs that can support these types of installations are small businesses, affordable housing, nonprofits and places of worship - the backbone and the communities most in need in Rhode Island.

H5033

14 (7) "Excess renewable net-metering credit" means a credit that applies to an eligible net-
15 metering system or community remote net-metering system for that portion of the production of
16 electrical energy beyond one hundred percent (100%) ~~and no greater than one hundred twenty-five~~
17 ~~percent (125%)~~ of the renewable self-generator's own consumption at the eligible net-metering
18 system site or the sum of the usage of the eligible credit recipient accounts associated with the
19 community remote net-metering system during the applicable billing period. Such excess
20 renewable net-metering credit shall be equal to the ~~electric distribution company's avoided cost~~
21 ~~rate~~ wholesale electricity rate, which is hereby declared to be the average ISO-NE clearing price at
22 the time of sale ~~electric distribution company's standard offer service kilowatt hour (KWh) charge~~
23 ~~for the rate class and time-of-use billing period (if applicable) applicable to the customer of record~~
24 ~~for the eligible net-metering system or applicable to the customer of record for the community~~
25 ~~remote net-metering system~~. The commission shall have the authority to make determinations as
26 to the applicability of this credit to specific generation facilities to the extent there is any uncertainty
27 or disagreement.

Figure 1: Excerpt from H 5033 SECTION 1 Section 39-26.4-2 (7) of the General Laws in Chapter 39-26.4 entitled "Net Metering"

H 5033 attempts to decrease the value of distributed solar with no clear intent. The bill states that excess renewable net-metering credit shall be equal to the wholesale electricity rate, which is hereby declared to be the average ISO-NE clearing price at the time of sale, instead of the electric distribution company's standard-offer service kilowatt hour (KWh) charge for the rate class and time-of-use billing period (if applicable) applicable to the customer of record for the eligible net-metering system or applicable to the customer of record for the community remote net-metering system. Ecogy believes this will not be good for the RI net-metering customer. It would be beneficial to analyze the full bill text with stakeholders, perform an analysis of implications, and relay findings to legislators.

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

Warmest regards,

/s/

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