

To: Sustainable Energy Advantage

From: Handy Law, LLC

Date: February 6, 2023

Regarding: OER's Distributed Generation Policy Planning Initiative

Process Comments

- We received notice of this initiative and a framing document in an email sent on February 2. The first meeting to discuss the framing and process is scheduled for February 9. Comments on the initial framing document are due by February 16, but (presumably) must be submitted before February 9 (or made orally on Feb 9) to be considered as part of the discussion of the proposed framing. This is not enough time for the robust stakeholder participation in scoping that this critically important initiative requires. We're all very busy and scoping is arguably the most important directional issue for any such project. We fear this initiative may not take the right direction unless more are fully engaged in and have time to consider framing it.
- You catch the renewable energy sector at a time when they have long been operating on very thin margins with great difficulty delivering any projects to market. This is an inopportune time to request or expect their investment of time and money in robust participation, which is very likely to result in serious directional imbalance. Arguably there is no more important input on delivering on the states' energy and climate mandates than the renewable energy development sector. It is absolutely essential to ensure they are fully represented in this dialogue. Without the equivalent of FERC's office of public participation here, please engage one or more trade associations and/or the RI Attorney General to ensure you are provided and can consider their input and advocacy.
- It's unclear why this very important initiative is just beginning at the start of this legislative session with a plan to wrap up by the end of the same session – that is clearly a busy time and a short timeline for such involved policy discussions. Why didn't this commence in the off season?
- It's unclear whether and how this is designed to be a "stakeholder process." As the concept is currently presented, SEA will prepare presentations (as it has done for this first session) that will be distributed 7 days before each presentation and then will allow "stakeholders" 7 days to comment on them. This appears to be an administrative/ consultant driven results-oriented process rather than a true stakeholder process. As with the slides presented for the first session, stakeholders need and deserve the time and full opportunity to shape thought on these subjects rather than merely responding to administrative/consultant pronouncements on it. Please reconsider the proposed design of this process accordingly.

Preliminary Comments on Substance

There is inadequate time to contemplate and respond to your framing document before February 9. But, response is important for the purpose of discussion. So, here are some initial comments, subject to refinement and addition either before February 16 or whenever they can be fully vetted, shared with other stakeholders for feedback, and produced.

- The focus of the scoping memo appears to be exclusively on electricity programs. That seems to be a starting mistake for several reasons.
 - First, we simply cannot fully understand our electricity needs unless we've thoroughly anticipated, understood and planned for the impact of our climate goals. This was a noted problem of OER's 100% by 2030 study which seems threatened to be perpetuated here. The electrification of thermal and transportation load needed to meet the general assembly's climate mandate will put us in a very different position with regard to the need to either source our own or import our new requirement for clean electricity.
 - Second, our RI Energy Plan (Energy 2035) analyzed the impacts of thermal, transportation and electrical energy together in reaching the conclusion that the status quo is our most expensive, least secure and highest emissions producing option. We cannot understand the alternatives to that status quo or the associated costs unless all energy sectors are studied together. As just one specific example, if our thermal needs for housing are all proposed to be met with air source heat pumps the electrical load requirements will be dramatically higher than if we resolve to meet those needs through geothermal or other means. How can we possibly understand what we will need to do to plan/site and pay for our electrical load unless we know how we will meet our thermal load requirements?
 - Third, our electricity programs are designed to send a signal for what projects we want to build here and how we intend to plan for and fund them. We can't accurately plan programs to send the right signals that will produce (or import) that required electrical load unless we fully understand the load requirement. Going one step further, we cannot understand the different financial, security and emissions implications of importing that load rather than supplying it locally unless we understand what and where we're targeting production. Stakeholders have raised this concern ever since the energy plan was generated - we need to understand accurate load projections before we can proactively plan and signal for how and where those loads will be procured. As we've long noted, once we understand accurate load projections we can map where we want the load to come from (imported vs produced, offshore v onshore) and how we will site and interconnect it efficiently and cost effectively.
- The scoping memo appears to contemplate perpetuation of incremental thinking on and evaluation of electricity programs despite the fact that we have now entered

an absolutely transformative period for implementation of our clean energy economy.

- Here again, RI's Clean Energy Plan (Energy 2035) thought of cost benefit across all sectors of our energy economy, by anticipating and planning for transformation in each sector. RI produced that plan even before our general assembly passed the Act on Climate. There can be no cause to think about the costs of programs to produce electricity without thinking of the economic benefits of (the over-long delayed) full implementation of effective demand side management (e.g., the time of use rates Docket 4600 unanimously endorsed back in 2016) and of getting our thermal supply off natural gas and our transportation fleet off of gasoline. As one particularly important example, the low income and equity implications of degasification are monumental given our region's current reliance on gas to serve both our electrical and thermal needs. That needs to be weighed according to standard economic practice (supply and demand). The proposed, continued use of the CREST model to evaluate cost of electricity alone is deficient as a means to evaluate RI's comprehensive cost benefit analysis.
- Likewise, we cannot assess the energy security implications of our electricity programs without considering the energy security implications of fully implementing demand side management and of getting our thermal supply and our transportation fleet off of gas.
- This transformation is mandated to meet our climate goals. The cost benefit analysis for a mandated transformation is very different than one conducted for alternatives analysis - where there is a mandate, there is no alternative. The benefits have been predetermined to outweigh the costs at a higher level than this administrative function. The cost of this transformation must be incurred and cannot effectively be managed through incrementalism.
- The scoping memo does not address one of the most essential elements of this clean energy transformation - presumptions about who will plan for and implement it.
 - History would have the new energy economy legislated and implemented by our monopoly utility with the prospect of regulatory oversight. That administrative structure has failed us. Thus we continuation the highest cost, least secure and most emissions producing business as usual despite the fully analyzed findings and recommendations of Energy 2035, released back in 2015.
 - The EC4's latest pronouncement on thermal energy presumes that our utility would plan for and control centralized thermal plants. That is a big (and costly) presumption since our monopoly utility makes money on moving gas and electricity and is not incentivized or inspired to plan for or deliver reduced cost and more secure thermal systems, unless they can add profit from them.
 - RI's solar net metering customers are credited for net overproduction of electricity in warm months (when we are at peak electric load) at a lower

rate than they are charged for net consumption of electricity in winter months, not because our electric load warrants that (it clearly warrants higher pricing at peak electric load), but because RI is reliant on gas for both electricity and heating in winter months, so our electric rates are highest when our homes also need heat. That is clearly a perverse policy that harms customers serving RI's net metering goal of reducing electric load and the costs of our electric system.

- It is time to give the planning and implementation function to our customers, whether they be the state, municipalities, economic zones (Quonset), business parks, universities/schools, businesses or homeowners, so that they can manage for their own energy needs without any more administrative obstruction.
- It is time to give those consumers the funding they need to develop and implement their plans for more cost effective, more secure and cleaner energy systems than have thus far been planned and delivered for them.
- We're fortunate to have reached a point where such closed loop energy planning can and will (finally) be well supported by our federal government, further improving the comprehensive cost benefit analysis.
- It is past time to allow municipalities to do the energy planning to meet their own needs rather than feel that they are regulating projects imposed on them by outside developers for profit. This trend began with the passage and successful implementation of municipal aggregation programs, which are now faced with a determination of how they will best supply their own energy needs (rather than just importing electricity and claiming Renewable Energy Credits). It has begun with the RI Infrastructure Bank's funding of municipal resilience initiatives, which ought to simply be expanded to ensure better comprehensive planning for a more resilient and cleaner energy future. These reforms are already underway in our neighboring states of CT and MA and in places like NY, NJ, HI, Puerto Rico, CA - in jurisdictions that are taking energy security and the fallout from rising sea levels and terrible storm surges seriously and properly and proactively preparing for resilient energy security. We face those same risks in this Ocean State.
- We submit that such a recasting of control, funding and leadership is the way we will achieve the transformation mandated by our general assembly in the time period required of us.

These comments are not as well-developed or subscribed as we would like them to be, due to the shortness of time allowed. These are preliminary thoughts on the proposed framing for this proceeding. Please share them openly with the stakeholder groups to enable their consideration and dialogue ("stakeholder" processes must build on the transparency of cumulative stakeholder input). We expect to work with other stakeholders in considering more comment and will supplement when we are able.