BLUEWAVE

March 14, 2023

Cal Brown & Jim Kennerly
Sustainable Energy Advantage
161 Worcester Road, Suite 503
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Karen Bradbury
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Providence, RI 02908

RE: Evaluation of Rhode Island Distributed Generation Policies. Stakeholder Workshop #2: Key Objectives of Design Process and Overview of DG Policy and Program Design Elements

Dear Cal, Jim, and Karen,

Thank you for the opportunity to participate in this evaluation of Rhode Island's distributed generation (DG) policies. BlueWave appreciates the robust stakeholder engagement in this process thus far and looks forward to continued conversation. This process is a critical one for the Ocean State to determine how best to reach our clean energy goals, keep electricity costs low, and combat climate change. We stand ready to assist the Office of Energy Resources (OER) and Sustainable Energy Advantage (SEA) during the stakeholder meetings, legislative session, and implementation of any proposed changes as a result of this process.

BlueWave's vision is to protect our planet by transforming access to renewable energy. As a pioneering renewable energy company that develops and owns solar and battery storage projects, BlueWave has developed and built more than 150 MW of solar projects to date and is actively developing battery storage projects to ensure our grid is reliable and efficient in a clean energy future. As built, these projects collectively generate enough solar energy to avoid more than 144,000 metric tons of carbon emissions annually. BlueWave is proud to be a certified B Corp, scoring in the top 5% of companies assessed towards certification in Governance, and named Best for the World for Governance.

Potential DG Policy Design Objectives: BlueWave provides the following ranking of potential policy design elements as requested. The order of our ranking should not be construed as the lower-ranked elements being unimportant. Rather, we have ranked elements higher if they also have a high opportunity of delivering on the lower-ranked elements in addition to achieving their primary purpose. If the highest-ranked elements are achieved, they may achieve the lower-ranked elements as a by-product.

1. Protect consumers from (intentionally or unintentionally) deceptive or abusive practices
2. Encourage sustained distributed generation industry growth and market development
3. Maximize likelihood of reaching 100% Renewable Energy Standard by 2033 and 2021 Act on Climate requirements
4. Maximize ratepayer and societal benefit/minimize ratepayer and societal cost
5. Maximize benefits/minimize costs, impacts and delays associated with interconnection to the transmission and distribution system
6. Leverage recently-adopted federal clean energy tax credits from the Inflation Reduction Act of 2022 (IRA)
7. Enhance benefits for low income and/or disadvantaged communities
8. Encourage solar development on disturbed land/minimizes reliance on green space
9. Maximize near- and long-term local jobs/economic development

1. Compensation Mechanisms: Compensation mechanisms should be structured such that projects can deliver net crediting to customers, similar to what has been implemented under New York's VDER program. This structure will enable participation by low-income residents at scale and enable projects participating in such a program to take advantage of the low-income economic benefit tax credit adder value offered in the IRA.

2. Compensation Term: A program term of 20 years is an industry standard and best practice. Projects should be compensated no less than 15 years under any program. If compensated for less than 20 years, annual revenue must be increased to account for the higher risk and cost of a longer period of uncontracted revenue.

3. Transferred Attributes: Contracting for energy + RECs is a simple and effective common practice that works well for DG programs across the region. There are, however, some favorable elements to contracting for energy + RECs + capacity. This more complex approach would require discussion of whether or not paired storage is required to be

included with every solar project. BlueWave would be happy to discuss the nuanced considerations under this approach with the teams at OER and SEA.

4. Ratepayer Crediting of Gains from Attribute Sales: While this question has no bearing on the costs or program structures discussed throughout the request for comment, BlueWave is generally supportive of directing benefits to low- and moderate-income ratepayers.

5. Price-Setting Mechanism: A value stack mechanism, similar to New York's VDER program, is the best mechanism to accurately capture the value that projects are delivering to the grid and to the state of Rhode Island. This more predictable approach also reduces risks due to out-of-market assumptions made by competitive bidders that cannot deliver on the basis of actual cost. Such a scenario during competitive solicitations has led to winning projects being canceled or experiencing multi-year delays in Rhode Island as well as other states in the region. Ultimately, this outcome delays or prevents the achievement of a state's clean energy mandate. As renewable materials costs, steel costs, and labor costs continue to fluctuate and increase year over year, BlueWave recommends a predictable, accurate value stack mechanism that will consistently drive the best projects forward with appropriate compensation.

6. Structure of Bill Credit Compensation to Projects <=25 kW_{AC} Receiving Bill Credits: As a community solar-scale developer, BlueWave defers to those with experience in the rooftop sector.

7. Structure of Bill Credit Compensation to Projects >25kW_{AC} Receiving Bill Credits: A value stack-based compensation is appropriate, as described above. The value stack should include but not be limited to Last Resort Service (LRS), transmission, demand reduction value, distribution system benefits, and REC value (for projects being compensated for energy + RECs). Any other values provided to the system should also be included. If capacity is also a part of the compensation, this should be included in the value stack as well. In any case, it is critical that the structure for bill credits paints a complete picture based on the program structure. For example, the presentation cites that the Massachusetts SMART program only compensates for LRS credits, however, the LRS does not clearly account for the project being compensated other SMART tariff values outside of the bill credit value.

8. Eligible Project Sizing to Load: It is most appropriate for DG-scale projects to be a maximum size of 10MW. This size allows for the benefits of distributed generation while achieving economies of scale that make projects cost-effective. There should not be a requirement to size projects to load; this has proven to be a barrier to deploying clean energy in many markets. In order to compensate projects appropriately for the energy that they are producing, any excess generation should be paid at the actual ISO-NE energy rate + RECs at purchased value.

9. Eligible Accounts and Associated Capacity (Projects Serving On-Site Load): BlueWave defers to developers who have more familiarity with this approach.

10. Eligible Accounts and Associated Capacity (Projects Serving Off-Site Load): Many Rhode Island ratepayers have been waiting patiently to take part in the clean energy economy. We continue to do them a disservice by limiting capacity and eligibility for participation when there are developers ready to deliver projects to this end. All accounts should be eligible to benefit from off-site projects, and the capacity serving said accounts should be uncapped, or unlimited. By implementing a value-based bill credit under a simple, guaranteed savings approach such as net crediting, we can enable maximum flexibility for serving all of Rhode Island's ratepayers. In particular, a net crediting structure similar to the one implemented in New York could significantly expand access to low-income customers and allow projects to obtain funding from the federal government associated with low-income tax credits.

11. Credit Offtaker Enrollment: All of the options presented in the request for comment should be possible. The recommended program should enable all approaches and allow the market enough flexibility to adapt to whatever approach will most efficiently serve the most customers. Some paths can be more efficient than others, depending on who is managing customer subscriptions, but it is too limiting and risky to only enable one approach. Granting the EDC the power to enroll customers, for example, has the potential to expand their monopoly such that no further action is taken to fill up the program, or that costs are increased exponentially without clear and effective regulation. There should be options, including a competitive market, in order to ensure that customers are served in an efficient and cost-effective manner.

12. Incentivizing Beneficial Siting: Given BlueWave's recommendation throughout these comments in favor of a value stack-based compensation mechanism, it follows that adders for projects sited on desired locations are an appropriate mechanism for compensating projects that meet stated policy goals while incurring the added costs associated with doing so. In particular, we highlight the preferred siting categories of gravel pits, brownfields, landfills, agrivoltaics, carports, and floating PV as those which reduce land use stressors while serving other important policy goals (i.e., maintaining agricultural production, remediation of contaminated sites, etc.). All of these siting categories,

while providing additional benefits, also require additional investment during development and throughout the lifetime of a project. It is most cost-effective to compensate such projects with an adder that reflects both the costs and, ultimately, the benefits of pursuing them.

13. Disincentives for/Prohibitions on Siting on Certain Greenfield Parcels: It may be appropriate to prohibit siting solar on a small set of targeted land categories, and BlueWave would be happy to participate in a discussion as to what these may be. It is important to recognize, however, that DG projects should be allowed to compete for land use on an equal footing with other types of development, such as commercial buildings, warehouses, residential developments, etc. In fact, solar projects present an opportunity to protect open space, natural resources, and agricultural operations when they are threatened by more permanent forms of development. Agrivoltaics in particular can ensure continued agricultural production on Rhode Island's best soils, effectively preserving them for the duration of long-term contracts that may span a generational transfer.

14. Behind-the-Meter Time-Varying Rate (TVR) Integration: There should be no required integration for TVRs for off-site DG. TVRs represent a small share of the Rhode Island market thus far, and the complexity and risk associated with their integration would place any program's impact, cost effectiveness, and workable cost structure at risk.

15. Paired Energy Storage Incentive Design: It is appropriate to compensate paired energy storage resources through an adder similar to the energy storage adder in the Massachusetts SMART program.

16. Paired Energy Storage Incentive Design: Incentivizing, rather than requiring, discharge during defined periods is the most appropriate way to strike a cost-effective balance between deployment and participation.

Thank you for your consideration of the above comments and for your continued engagement throughout Rhode Island's review of DG policies. Above all, we are committed to the sustained deployment of clean energy that will shore up our grid, save ratepayers money, and preserve our natural resources. BlueWave encourages OER and SEA to lay out an approach that will expand and improve DG programs to this end, and we stand with you in pursuit of Rhode Island's ambitious clean energy goals. Please do not hesitate to reach out to us with any questions.

Sincerely,

Kaitlin Hollinger
Policy Manager
BlueWave