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April 6, 2023

Comments and Suggestions for SEA Evaluation of Rhode Island Distributed Generation Policies -  
**Stakeholder Meeting #3 and Presentation #4**

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OER and SEA,

We have a few suggestions to offer to improve the programs in a way that will add more local renewables onto the grid while lowering costs to ratepayers

We have 2 suggestions on how to restructure and improve the VNM program for the addition of C&I customers as offtakers. These should only apply to projects going forward. One is to fix the NMC rate based on a certain point in time in the past, with escalators, and the other involves mimicking the CRDG price and mechanism for payments. These methods will lower costs to ratepayers while increasing program certainty for all parties involved.

- OPTION 1: Fixed NMCR
  - Fix rate using 2 year trailing average of NMCR.
  - Refer to Maine program as an example – attached to my email
  - adds for projects on preferred sites and types (canopy, rooftop, etc),
  - Rather than prohibiting projects from building on non-preferred sites, there should be a greenfield **subtractor** similar to the **SMART program**.
  -
- o Pros
  - Allows for environmental groups to protect interests
  - Fewer rate spikes for Utility and ratepayers
  - Reduces admin asset management work and accounting work to the benefit of all parties
  - You can try to replicate Maine and not reinvent the wheel

- OPTION 2: Transform VNM into a CRDG like structure:
  - Mirror CRDG rate at Net-metering credit rate for all C&I customers (many of whom are very small)
  - Settle payments through utility
  - Implement a market based discount
  - Annual negotiation of rate through DG Board
  - Option for utility to retain RECs at a low fixed price
  - adders for projects on preferred sites and types (canopy, rooftop, etc),
  - Rather than prohibiting projects from building on non-preferred sites, there should be a greenfield **subtractor** similar to the **SMART program**.
- o Pros:
  - credit rating of utility is instrumental in projects being able to tolerate the lower CRDG rate vs current NMC rate)
  - utility retains RECs
  - saves ratepayers money compared to current program
  - saves admin work (accounting and asset management) for all parties
  - increases certainty of payment to all parties
  - Allows for environmental groups to protect interests
  - Fewer rate spikes for Utility and ratepayers

Other suggestions to foster development of cost-effective DG at a scale needed to meet goals:

- o Extending the term of the REG program (to 25 or 30 years) and not placing a term cap on VNM would support a project's ability to absorb lower upfront compensation rates to the benefit of taxpayers.
- o Increasing the project size cap for both the REG program and VNM would significantly help developers meet the required DG capacity quota.
  - Encouraging developers to add ESS through incentives should alleviate the utility's concerns about managing the grid with larger DG projects. – i.e. allow large size projects over 5 MW to participate in the program if storage is collocated.
- o We are concerned about total restrictions on greenfield sites. This will slow down progress.
  - As suggested in previous bullets, incorporate adders and subtractors into all programs.

Questions that must be answered regarding slide 16 (Alternative design elements)

- o What value would RIE convey or pay to the facility developer/owner for the REC ownership?
  - How would this acquisition be passed to the ratepayer?
  - Would RIE (and ratepayers) be required to pay more for RECs by RI NM/VNM/REC facilities that receive REC eligibility approval in other New England states?
- o Would there be any concerns of REC market manipulation if future project had to commit their RECs to RIE?



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- If this is being required to further Rhode Island's RES compliance, then the REG program tariff must be amended to remove the requirement of MA REC eligibility registration.
- This would take away a REC source for individual organizations' and obligated entities that intend to obtain and retire RI RECs sourced in RI for their RES obligations and ability to claim net-zero efforts.
- Should the alternative case be amended to create the option for the facility to transfer RECs to RIE?
  - Creates flexibility to the project to dispose of their REC production and drives competition with RIE, obligated entities and interested parties to obtain the RECs.

Comments and questions on the Meeting 4 presentation – **we will have more after the meeting.**

- Does SEA have any assumptions in place for REC Imports by NY or Canada?
- Will this BCA make assumptions on additional usage/REC needs resulting from RI electrification and EV integration?
- Questions regarding Slide 3
  - Would it be worth assuming that just a portion of RECs produced from VNM projects would be retired in RI by 2033? The majority of VNM projects currently obtain Class 1 eligibility in multiple states to maximize value. Would it be worth assuming RI VNM REC retirements to decrease after additional RI OSW come online?
  - For the baseline REG/DG Standard Contracts, will SEA be assuming that the utility will be retiring the RECs in RI? Knowing that non-residential REG projects are required to obtain RI and MA REC eligibility, should an assumption considering that the utility retires some REG RECs outside of RI if the REC value is greater than retiring in RI and if the annual RI REC goal is satisfied?
- On Slide 4, would SEA be making the interconnection/construction pipeline assumptions from RIE interconnection queues? Is there a specific development/interconnection stage being used as a threshold? If using the queue, reiterating my comment from Meeting 3 as the queue doesn't clearly separate PV, PV+ESS and standalone ESS application cases.
- Concerning non-greenfield projects on Slide 13, would the interconnection cost reduction be assuming that those future projects are paired with ESS to avoid/minimize the impact of expanding interconnection capacity in areas with higher load?
- Concerning the site lease on Slide 15, would SEA be assuming an increasing site lease cost in conjunction with additional non-greenfield projects, since they will be competing with other commercial and industrial applications?

**Thank you,**

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