



HEARTWOOD GROUP, INC.

165 Evergreen Street, Providence, RI 02906

401-861-1650

April 5, 2023

Christopher Kearns, Acting Commissioner, Rhode Island Office of Energy Resources
Jim Kennerly, Sustainable Energy Advantage, LLC
Stephan Wollenberg, Sustainable Energy Advantage, LLC
Shauna Beland, Rhode Island Office of Energy Resources
Cal Brown, Rhode Island Office of Energy Resources
Karen Bradbury, Rhode Island Office of Energy Resources

Commissioner Kearns and all,

Thank you again for considering input from stakeholders in your evaluation of Rhode Island Distributed Generation policies.

Following up on my letter of February 28, I was disappointed to see that the latest power point presentation completely leaves out essential elements of a Docket 4600 Benefit Cost Analysis like local job creation and local economic development impacts. It also neglects to examine expanding solutions like community solar for fairness to the majority of households for which on site solar is not a good solution due to structural factors, shading, financial considerations and other constraints.

In its projections for Rhode Island clean energy capacity, the suggested analysis seems to consider only currently existing programs with no changes. But we could be supplying vastly more clean energy if, for instance, the net metering market was not subject to arbitrary limits on capacity and off-taker qualification. Instead every ratepayer in the state should be allowed to participate. Projecting net metering to provide only 2% of RES compliance by 2033 is a reflection of backward focussed thinking and analysis.

Certainly there also are other measures being undertaken in places like Hawaii and California that could much more rapidly expand distributed generation capacity here in Rhode Island.

The presentation seems to suggest significant quantities of out of state RECS will be substituted for the production of the clean energy we need within state borders. That's irresponsible and forgoes significant benefits from clean energy development. We should embrace and encourage the economic development and jobs that responsible local clean energy development will produce.

I'll reiterate that as implied in the Docket 4600 report, good distributed energy policy can only come about in the context of improved overall energy policy. It is critical for the entire electricity sector compensation structure to shift from current cost based pricing to a value based pricing framework.

Bias toward traditional utility cost based modeling permeates the current effort. Again I will try to make clear that a distributed generation project's costs and revenue requirements are none of the business of the Office of Energy Resources, its consultants, the distribution utility or anyone else other than the projects owners and financing partners. They should not be considered at all and are very clearly not intended to be considered under the Docket 4600 benefit / cost framework.

Instead under the Docket 4600 framework or any other sensible policy, it is the net value to society that should be subject to Benefit / Cost analysis. The question that should be considered in this effort is not what the costs are to develop and build a distributed generation project, but rather determining the benefits delivered by those projects and the fair pricing that ratepayers and taxpayers should pay for receiving those benefits.

The kind of analysis that should be undertaken is one similar to Acadia Center's 2015 "Value of Distributed Generation" report . https://acadiacenter.wpenginepowered.com/wp-content/uploads/2015/07/AcadiaCenter_GridVOS_RhodeIsland_Updated_2016_0119.pdf

The fair value of distributed generation to rate payers rather than the cost for independent parties to develop that generation capacity should be the focus of the current effort you are embarked on. Please rethink the process and timeline for this effort.

Thank you for considering these recommendations.

A handwritten signature in black ink, appearing to read "Fred Unger", with a long horizontal flourish extending to the right.

Fred Unger