



Evaluation of Rhode Island Distributed Generation Policies: Stakeholder Meeting #1: Overview

Sustainable Energy Advantage, LLC (SEA), on behalf of the Rhode Island Office of Energy Resources (OER)

February 9, 2023

Context for Evaluating the State's Distributed Generation Policies

- The energy landscape has changed since the original net metering (NM), virtual net metering (VNM) and Renewable Energy Growth (REG) laws were passed, including the emergence of energy storage and shift towards electrification of the State.
- Over the past 3-4 years, the question of possible adjustments to the NM, VNM and REG laws (ex: 3-year sizing restriction with rooftop solar) and the solar siting subject has come before the General Assembly
- OER anticipates that this legislative session will likely have bills filed with proposed amendments to the above-described laws, in addition to these subjects possibly being raised within energy storage and/or solar siting bills

Context for Evaluating RI Distributed Generation Policy Pathways

- Some initial energy bill introduction activity has already occurred this session:
Updates to Net Metering -- House Bill No. [5033](#) – Sponsored by Representatives Potter, Solomon, Knight, Carson and Cortvriend
- OER's goal through this process involving different stakeholders and state agencies may result in policy and program ideas for the General Assembly when discussing and reviewing legislation
- OER has engaged Sustainable Energy Advantage, LLC (SEA), which has extensive experience considering the economics of (and future pathways for) renewable energy programs and policies, to assist with analysis and stakeholder engagement related to this task

Overview of Proposed Timeline and Process



Overview/Goals of Policy Pathways

- To prospectively (not retrospectively):
 - Consider the quantitative and qualitative benefits and costs of maintaining the current DG policy pathways;
 - Compare the quantitative and qualitative benefits and costs of the current pathways with potential alternative pathways
- To engage with a wide array of stakeholders regarding a process to evaluate current and alternative policy pathways
- To develop and provide information about the state laws for possible consideration by policymakers during the 2023 legislative session

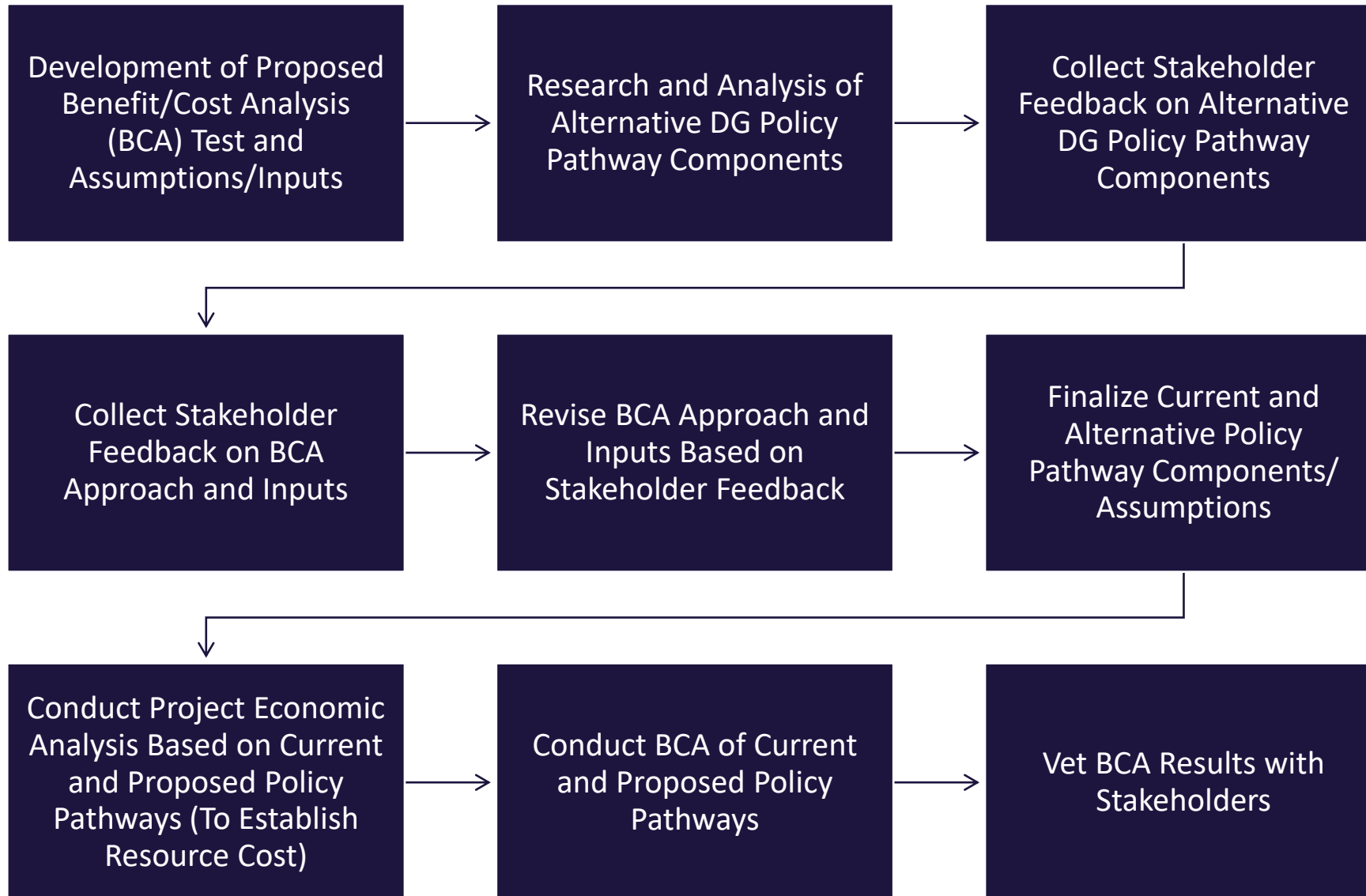
Overview of Stakeholder Engagement Process (1)

- SEA will host five (5) separate Stakeholder Workshops regarding the following topics:
 - Stakeholder Workshop #1: Introduction and Overview of Process
 - **February 9, 2023 at 3:30 pm ET**
 - Stakeholder Workshop #2: Policy Design Elements (Part I)
 - **TBD** (Likely 1st Week of March 2023)
 - Stakeholder Workshop #3: Policy Design Elements (Part II)
 - **TBD** (Likely 1st Week of March 2023)
 - Stakeholder Workshop #4: Benefit-Cost Analysis (BCA) Categories and Proposed Avoided Cost Inputs
 - **TBD** (Likely 3rd Week of March 2023)
 - Stakeholder Workshop #5: Presentation of Draft Results
 - **TBD** (Likely 3rd Week of April 2023)
- **Early May 2023:** SEA plans to work with OER to finalize its results
 - Monday, May 15: Final product expected to be done

Overview of Stakeholder Engagement Process (2)

- SEA plans to use the stakeholder workshops to:
 - Vet the policy pathway elements with a broad group stakeholders; and
 - Vet the quantitative inputs to the benefit-cost analysis with a broad group of stakeholders
 - Receive feedback on the proposed results associated with the potential policy pathways
- Therefore, SEA's key analytical and stakeholder deliverables during the process will be the material prepared in advance of the stakeholder workshops with the stakeholder workshops
 - As it does with proposed REG ceiling price drafts each year, SEA aims to share the material to be discussed at each stakeholder meeting **no less than one week in advance**
 - SEA plans to seek (and receive) stakeholder comment no later than one week after each workshop

Proposed Analytical and Stakeholder Process



Economics Analysis (CREST Modeling/Rate Forecasting)

- A key component of any BCA is to establish the cost of the resource being developed in order to compare it to its benefits (and thus their cost to ratepayers)
- If potential alternative policy pathways consider alternative compensation levels or program approaches, it is necessary to ensure that the policy design process (and benefit-cost analysis) only considers policy types that are likely to allow key project types in the market to be financeable and reach commercial operation
- SEA proposes to calculate:
 - The revenue requirements associated with proposed project types under each policy pathway; and
 - The degree of associated revenue gap (if any) associated with compensation under different project approaches (to determine if proxy projects can reach commercial operation under each policy path)

BCA Modeling

- SEA plans to develop a spreadsheet-based model for carrying out BCA based on the Docket 4600 framework, centered on the “Rhode Island Test”
- The Rhode Island Test considers a wide range of costs and benefits, helping stakeholders understand the broad impacts of a given program/policy
- SEA proposes to base our analysis on the RI Test, but allow for some flexibility to diverge from the test when doing so enhances the usefulness of the information provided
- The constructed model will also help establish the likely impacts of a given program/policy on Rhode Island ratepayers generally (as opposed to evaluating the specific impacts to rates for various customer classes)
- SEA plans to construct the model to enable SEA to incorporate feedback on possible program design changes, allowing comparisons across program designs
- SEA further plans to incorporate values discussed below into the BCA model

Anticipated Approach to Non-Program Specific Input Development

- SEA will assemble inputs (including, but not limited to, energy and capacity values, emissions rates, and other values) from sources such as the Avoided Energy Supply Costs in New England (AESC) analysis, as well as recent energy efficiency filings, and other comparable BCAs
- Where necessary, SEA will conduct original research or analysis to produce inputs, or adjust available sources
- SEA will also use screening tools, such as the National Renewable Energy Laboratory (NREL) Jobs and Economic Development Impact (JEDI) model to produce estimated macroeconomic impacts

Anticipated Approach to Program-Specific Input Development

- BCA modeling will also require gathering information specific to the programs being modeled
- Specific information to be gathered will include (but not be limited to):
 - Characterizing how the programs work (e.g., how the ownership of commodities such as renewable energy credits (RECs) and capacity is treated)
 - Development of eligible project use cases (ex. capital, operating and finance costs associated w/eligible projects)
 - Generation of representative annual production profiles associated with eligible projects

Request for Questions/Comments on Proposed Process and Approach

Due Date for Written Comments Related to this Workshop

- Please submit any written comments to this process discussed at this workshop **no later than February 16, 2023 at 11:59 pm Eastern Time (ET)**
- Please send written comments to Cal Brown (cbrown@seadvantage.com), copying me (jkennerly@seadvantage.com) and Karen Bradbury (karen.bradbury@energy.ri.gov)



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