

## DISTRIBUTED GENERATION CONTRACTS BOARD MEETING

June 16, 2014  
9:30-11:00 AM

Conference Room A  
RI Department of Administration  
1 Capitol Hill Rd.  
Providence, RI

### MINUTES

**Board Members Present:** Ken Payne, Chris Kearns, Charity Pennock, Samuel Bradner, Sharon Conrad-Wells, Hannah Morini, Ian Springsteel, Christine Malecki West

**Attendees:** Raquel Webster, Corinne DiDomenico, James Calandra, Tim Faulkner, Sheila Dormody, Palmer Moore, Julian Dash, Danny Musher

Ken Payne called the meeting to order at 9:35 with a quorum present. There are five of the seven duly appointed voting members present. This is the last time we'll be meeting as the DG Standard Contracts Board. With the new statute that is poised for passage in the House and Senate, we will be the Distributed Generation Board. The 40 megawatt pilot program effort has proven successful—had it not, it is unlikely that the General Assembly would have overwhelmingly extended and expanded the program to 160 megawatts over the next 5 years.

Ken suggested that minutes from the last meeting would be approved at the next meeting in August, so members have a chance to review them.

#### **OER presented a brief update on legislation:**

1) Solar licensing passed the legislature last week unanimously in both the House and Senate. The legislation clarifies the roles on the jobsite and removes the requirement of a master electrician on payroll or board of a solar company. Solar companies will now be able to advertise and solicit work without the master electrician requirement. The legislation also defines the roles of what an electrician can do and what a general contractor can do at a renewable energy installation. The OER worked with the RI Builders Association, the International Brotherhood of Electrical Workers, Department of Labor and Training and the New England Clean Energy Council on the legislation. The legislation has been passed and will be transmitted to the Governor for his signature over the next couple of days. It should become law the first week of July.

2) The other critical legislation is the Renewable Energy Growth Program, which passed the legislature last week unanimously in the Senate and 62-8 in the House. Now the bills will need to be signed by the Governor. We should know the outcome by the first week of July.

Ken welcomed Sheila Dormody, who is currently attending as a member of the public, but will become a new member of the DG Board who will be representing environmental expertise in energy until 2017.

#### **Preparation for potential 2015 program**

Ken, Chris, and Charity were discussing what the new legislation means for the DG Board. If our meetings had some interest previously, there may be a large increase in interest with the pending expansion. Before we had the standard expectation for providing for public involvement, similar to what other state agencies had. Now it is a defined responsibility of this Board—this is to ensure that there is

involvement by all interested parties. So we have high volume and expanded duties with regard to making sure we have opportunities for public participation.

This Board has always given several times the level of opportunity as the level defined in current statute. We've always exceeded what was expected, and has worked very well. We've held more public meetings than required, for example in the current law.

This doesn't necessarily mean there will be more meetings of this Board. We will continue to have meetings, but at public participation meetings will not have a requirement for Board members to attend. But we're going to have a robust schedule. And given that we will have annual obligations that will really commence with 2015 because current program expires in 2014; I think we're going to have to recognize that we'll have to have a substantial opportunity for public involvement. However, we will endeavor not to have any obligatory meetings over the summer.

Hannah: I would make a point that we have at least one workshop bare minimum. I think it would be productive to have the workshop and then have a follow-up to address the questions that are raised by the developer communities.

Chris: We have a significant amount of work to do over the next 4 months, in getting the ceiling prices, tariffs, rules and regulations and applications completed. There will definitely be multiple outlets for stakeholder comments to be received, including public workshops.

Ian: A couple comments on the new bill – it does a lot more to coordinate with customers who would like to net meter with the program. There's the potential for locational and technological incentives from the Company – we're already working on methodologies on how this would work. I would encourage this Board to anticipate an August meeting to think about early input on public engagement, but also to plan the third enrollment, so there will have to be some decisions at that time – if there's decisions that need to be made about classes, you will need to have 60 days' notice before the enrollment.

Charity: Can you send around the final bill?

Chris: Yes, that will be distributed to the group.

Hannah: I think we should focus on the changes of the new bill – that would be a good use of everyone's time, because most have familiarity with the former program. I think it's important to have follow-up meeting because, much like the solar installer meeting REF held, we may receive input we haven't heard before.

Sam: We do want to give enough time and not cram too much into an agenda.

Hannah: The worst would be to run into issues down the road.

Ken: As is reasonably feasible, as soon as after the meeting is passed, why don't we have a first meeting describing the changes in the law and soliciting questions about the implications from stakeholders, and then after having time to think about the input, have a second meeting that will allow us to consider program design issues going into the third enrollment, and that way we can have a relatively smooth transition from 2014 to 2015. The way people think 2015 may unfold may inform their behavior under the 2014 program, including the relationship to net metering.

Charity: It would be helpful to have a calendar to start laying out a timeline to make sure that everything is accounted for. Once we've gotten feedback, it would be helpful to have some informational meetings for developers.

Sam: A recurring monthly meeting would be helpful.

Chris: We will be setting up monthly meetings between now and December. Calendar notices will go out over the next couple of days to the Board members. I will also provide a timeline/deadlines for implementation for the 2015 program at the next Board meeting.

Ken: One more thing – we need to retain consultants to do the work. The new act will allow us to fund this through a reconciliation mechanism approved by the Public Utilities Commission. If we were just repeating 2014, we might be looking at \$35,000 to \$40,000. We may be requesting the ability to spend up to \$65,000 for the first year of this new program. We would be authorizing the OER to file this request with the PUC pending the passage of the legislation.

Charity: Charity made a motion to authorize OER to make a filing to the PUC for the necessary funding -- \$65,000 – to retain consultants.

Chris: We're asking for this now, because when we make a request to the PUC, they need 60 to 90 days to approve this, so we need time before the ceiling prices process later in the year.

Hannah: So are these ratepayer funds?

Ken: Yes, that is what the new statute calls for.

Sam: Is that a fiscal year allocation or calendar year allocation?

Ken: It is to cover the obligation for that particular enrollment. It runs into the early second quarter of the next calendar year.

Sam: If we're under that number the funds just stay at the PUC; if we're over, do we have an opportunity to go back and request more?

Chris: In the past we've used \$35,000 - \$45,000, and so \$65,000 should be sufficient. OER has not been a part of a reconciliation process before at the PUC.

Sharon: Is this simply for the ceiling prices?

Chris: Yes, this is simply for developing the ceiling prices. Instead of using RGGI funds, we will be using the reconciliation process.

Sharon: Last year I recall there was a timing issue where we used the same contractor because of the timing issue, do we have enough time this year?

Chris: We want to ask the Board for permission to immediately draft the RFP for the consultant at the same time that we're filing the reconciliation at the PUC. We want to work on similar tracks with those two processes.

Sharon: With this being a new process for the OER, does this dictate how we issue the RFP?

Ken: It is a standard state purchasing RFP.

Ian: Is the Board through this RFP going to look at other models besides the CREST model and other approaches to developing ceiling prices.

Chris: If there are other approaches – the CREST model has been peer-reviewed and the PUC is comfortable – we would be open to other peer-reviewed, credible models.

Hannah: Don't close the door to other models in the RFP. Will the Board have any say in the selection process?

Ken: Since it will be governed by State Purchasing – the selection will be formally reviewed through State Purchasing. Sometimes they establish a technical review committee, so we can check to see if the Board can be involved in that process, because there may be technical information about their capacity to do the work.

Hannah: While we're going to the PUC for expert services, three years is a long time – there may be other expert consultants that we may want to bring on board, does it make sense to go for a slightly higher number.

Chris: We can bring that conversation up at the next meeting, but not at this point because the law is clear with what we can use the reconciliation process for. The reconciliation process can be used for ceiling price services and necessary studies carried out by the Board.

Sharon: There seemed to be some criticism of the model itself from a developer standpoint at some of the public meetings. I'm not sure if there's a need to look at other modeling, or if that input was from developers that just wanted a model that supported their work. I'd like to have a conversation at some point about that to understand that better. I don't know how long these contracts are for either.

Ken: There is the model and then the input data. I believe that the input was controversial not the model.

Chris: Ken is correct on that. The controversy was around the data used.

All approved the motion for the \$65,000 funding reconciliation request to be filed by the OER. The ceiling price services RFP motion to be released by the OER in July was moved by Mr. Bradner and seconded by Ms. West

Sam: I'd like some input on the review process for the RFP.

Chris: We will set up a technical committee, comprised of 1 person from the OER and 2 members from the Board to review the submitted RFPs.

Corinne DeComenico: The OER requested that we offer some history as to DG participation and enrollments so the Board can make some informed decisions as to where to best target the next enrollment to optimize participation.

Slide 1: Medium and large solar have had a high number of applications but a low number of executed contracts.

Slide 2: On the previous slide it may have looked like wind and anaerobic digestion were underserved, but this slide shows that they were awarded, but they were unable to sign at the time.

Slide 3: This shows the history of participation by large solar and shows that it has been consistently interested in participating. This is showing possible "bidder fatigue", with applicants consistently trying to get awarded, but there is not enough space in the enrollments.

Slide 4: All solar has become more competitive, which is in part due to the legislative changes last year to allow competition with smaller projects. Large solar has come down the most and is the lowest price besides wind.

Slide 5: In the very last enrollment there were only a few medium solar projects there, so we think there's already a healthy allocation for medium solar, so we simply recommend taking the unused allocation and allocate them all to large solar, while still preserving the targets that the Board approved for the 2014 enrollments, and those would remain untouched (wind, hydro, etc.). That would allow three large solar projects to be selected in theory.

Chris: This is consistent with what the DG Board proposed in the docket proceeding last year, to have the ability to make potential changes between the first and second enrollments if necessary earlier in the year. We are requesting from the Board to transfer the unused capacity from the first enrollment and direct it to large solar for the second enrollment. The only criteria in the DG law is that we would have to give 60 days' notice regarding changes to the renewable energy classes. All we are changing is the megawatt allocation within the classes.

Hannah: This allocation will go into the second round?

Chris: Yes. But we can use this same process to inform any possible changes between the second and third enrollments this year.

Sam: So just to confirm, there will be no changes to the other classes?

Chris: Yes, we are going to keep the same allocations for the other technologies, just devote the unused capacity to large solar.

Corinne:

Slide 8: This is a summary slide of what you'll be voting on today.

Slide 9: There are 15.64 MW remaining for the program this year.

Charity: The four terminated contracts were wind and medium solar?

Corinne: No, terminated contracts are projects that were not able to meet the 18 month deadline. The projects are the ones with the asterisks on the last page. I also wanted to add to this process that reallocating – we want to bring this to you early to let the market know with enough time so they can gear up and have a proposal ready. This is why it's important to get this vote today.

Ken: Looking at this slide, it seems that large solar was the only category where there were more applications than available space.

Corinne: Yes, and for the history of the program, with the exception of medium solar, large solar has been the only category with more applications than space.

Chris: What is the tentative timeline we'll be looking at? Also changes for anaerobic digestion to 36 months.

Corinne: The wild card is when the legislative changes get written into law, but our original schedule was to have the second enrollment on July 14, but this may not work anymore. We'll have the information posted on our website as soon as we know. Assuming that the legislation is signed next week, end of July is more realistic timeframe.

Charity: If we have MW left over at the end of the year, do they roll over into the new program?

Chris: Yes.

Christine: I'm a little concerned that we don't understand why the other classes aren't participating – is there an issue with the ceiling prices or something else?

Ken: One developer did mention to me that the net metering changes with the new statute may make it more favorable for their particular technology.

Chris: This new program will primarily be a solar program. I'm fairly confident we will get a hydropower application this year; they just have a different permitting timeline. There is an anaerobic digestion project being developed at Quonset.

Ken: We've seen a decline in solar prices, but not in wind. Wind also has extreme difficulties with siting. And that question bears on capacity factors, because siting issues will drive projects to more marginal sites. Capacity factor was one of the most contested areas

Hannah: I really like how we are not trying to predict things at the beginning of the year, and that our program is being responsive to the market throughout the year. A good example is that the tariff that is being imposed on Chinese solar panels, which may raise prices by 20%.

Corinne: While we do want to have the flexibility to change between enrollments, it is better to avoid making changes between every enrollment, so it's good to establish relative certainty on an annual basis. Two to three months is not a long time for developer to adjust their business plan.

Charity: I agree, and looking ahead, if we don't make the target for large solar in the next enrollment, I would hesitate to lower the enrollment target because some of the projects might have longer lead times.

Ken: Shall I have a motion to approve the proposal made by OER through National Grid with regard to the allocation for the second enrollment.

Sam moved, Ms West seconded. Motion carries unanimously.

Chris: I want to respond to Sam's request for a regular meeting time. Bill Ferguson is a Board member who still wants to attend, but can't make morning meetings.

Hannah: Do we know if there will be a new TEC-RI member?

Chris: It doesn't matter because Bill was appointed not as a representative from TEC-RI.

Chris: We'll do third Mondays at 4pm

Julian: I really like to see the progression of how this program has been maturing, and how the Board and Utility have been responsive and I approve of the job done. Also, the Board was wondering why you're not seeing the abundance in small and medium solar – the allocations are simply too small to attract investment interest.

Sheila: I'm looking forward to working with all of you.

Sam Bradner made a motion to adjourn and Ms. Conrad-Wells seconded.

Meeting adjourned at 10:50am.

Respectfully submitted

Chris Kearns  
Secretary Pro-tempore