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Sent: Tuesday, November 04, 2014 2:12 PM
To: Kearns, Christopher (DOA); jgifford@seadvantage.com
Cc: Jim McCaughey
Subject: RE: Renewable Energy Growth Program - October 20th Public Workshop Materials

Hello Chris,

I would like to offer my comments on the development of ceiling prices for 2015.

My employer, the Narragansett Bay Commission is a public/municipal entity that has installed a large renewable energy project and continues to consider installing more renewable energy projects. My input is also based on my experience completing Feasibility Studies and Assessments for many water and wastewater treatment facilities in Rhode Island.

Some municipal renewable energy projects have many desirable benefits but may be unable or unwilling to partner with a for-profit third party to monetize significant tax incentives including depreciation and the Investment Tax Credit (ITC). The aforementioned benefits include:

- 1.) Passing on energy savings to a diverse customer base that enhances the local economy and helps achieve environmental justice
- 2.) Helps satisfy customer's desire to be green (indirectly)
- 3.) Projects sited at large municipal water or wastewater facilities that have a high and constant power demand export less onto the local electric grid which theoretically lowers the Electric Distribution Utility maintenance costs
- 4.) Utilizing large lots of municipal land has unseen environmental benefits when the land is vegetative, maintained and properly permitted for stormwater management
- 5.) Helps attain state goals and programs specifically for municipal entities (i.e. RIPEP, S 2952 Sub A. Climate Change, etc.)

The modelling of the ceiling prices (CPs) shouldn't be biased against such projects by assuming the municipal owner will monetize any significant portion of the ITC or be able to partner with a for-profit agency that sites an array on municipal land and pays the municipal entity and allows it to defer debt. Municipal projects can typically use municipal bonds with an interest rate lower than commercial rates. However, this is little compensation compared to the massive benefit of 30% ITC available during 2015 and 2016.

Clearly, municipal projects should be encouraged rather than discouraged. So please consider creating a special ceiling price for municipal projects that don't utilize the ITC or some other financial incentive or benefit specifically for them.

Additionally, for all types of renewable energy tariffs, please take into account the following when modeling the ceiling price:

- 1.) Since there may be relatively fewer larger capacity projects, it may be beneficial to model CPs slightly and conservatively high and then allow competition drive the actual bid prices down because this can help motivate and encourage enough bidding in order to fill the allocation

- 2.) Ensure that installed costs don't vary too much across ranges and if they do then consider using the lowest capacity in the range as the modelling point
- 3.) Ensure that inverter replacement cost is properly accounted for in the operating and maintenance costs of the 20 year solar tariff CP model
- 4.) Ensure that a reasonable turbine efficiency is used in the CP model for hydroelectric tariffs such as 84% for an Ossenburger turbine with a capacity of 70 kW – 250 kW.

Thank you for the opportunity to comment.

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