



Division of Public
Utilities and Carriers

Rhode Island Ratepayer Funded Clean Energy Programs

Updated March 20, 2024

Two Agencies: Commission and the Division

- The Public Utilities Commission is comprised of two distinct regulatory bodies:
 - A three-member commission (PUC or Commission)
 - A regulatory agency (DPUC or Division) lead by an Administrator

Division's Regulatory Responsibilities

- As the ratepayer advocate, the Division is an indispensable party in all rate proceedings before the PUC
- A source of objective, independent cost analysis for state policy makers
- The Division has broad regulatory authority over all public utilities doing business in Rhode Island (see handout for a comprehensive description of the Division's statutory authority).

Current Renewable Energy Programs

- Renewable Energy Standard, R.I.G.L. § 39-26
- Long-Term Contracting, R.I.G.L. § 39-26.1
- Renewable Energy Growth Program, R.I.G.L. § 39-26.6
- Net Metering, R.I.G.L. § 39-26.4
 - Roof-Top Solar
 - Virtual Net Metering
 - Community Solar Pilot

Renewable Energy Standard (RES)

- Requires RI retail electricity suppliers (including Rhode Island Energy) to provide a certain percent of the electricity they sell from renewable resources.
- The 2024 requirement is 28% and escalates annually until reaching 100% in 2033.
- Rhode Island Energy and all obligated suppliers are required to comply with the RES by buying Renewable Energy Certificates (RECs) or making alternative compliance payments (ACP) to Rhode Island Commerce Corporation.
- The owner of a REC gets to take credit for the clean energy characteristics of the electricity.

REC + 1 MW electricity = 1 MW clean energy

- The cost of meeting the RES requirement is reflected in the cost of power charged to ratepayers.

Renewable Energy Standard – Costs

Estimated 2024 REC price - \$39.40/MWh

2024 ACP Rate - \$83.37/MWh

Estimated 2024 compliance cost - \$83 million

Long-Term Contracting

Affordable Clean Energy Security Act (ACES)

- Long-Term Contracting Statute – requires Rhode Island Energy to solicit proposals from renewable energy developers and to enter into long-term contracts for a total of 90 MW of renewable energy capacity.
- With PUC approval, Rhode Island Energy can voluntarily enter into contracts beyond 90 MW.
- The Affordable Clean Energy Security Act authorizes Rhode Island Energy to enter into multi-state procurements that are competitively bid.
- Amended in 2022 to authorize state procurement of 600-1,000 MW of wind resources and facilitate in-state economic development.

Long-Term Contracting/ACES - Costs

- Ratepayers fund both programs
- \$49 million in 2023
- Cumulative cost (2014-2023) - \$345 million

Renewable Energy Growth Program

- Supports the development of smaller scale projects (up to 5 MW) in Rhode Island. In 2023 the program was significantly expanded, from 40 MW to 400 MW annually and authorizing larger projects (up to 38.99 MW).
- Each year, the PUC sets the price cap and MW allocation for different sized projects and technologies (wind, solar, hydro).
- The cap is based on the projected cost to build a project and interconnect and allow the project owner to receive a reasonable profit.
- Except for small scale solar, projects are selected through a competitive bid process that includes price cap protection.
- Prices have historically trended downward, however in 2022 and 2023 several categories of projects have seen price increases. For 2023, the price caps range from a low of 16.50 cents/kWh for Large Scale Solar and a high of 31.95 cents/kWh for Small Scale Hydroelectric projects.
- Winning bids must be at or below the price cap (ceiling price).

Renewable Energy Growth Program – Costs

- Ratepayers fund this program
- \$24 million in 2023
- Cumulative ratepayer cost (2016-2023) - \$111 million

Net Metering – 3 Programs

- Roof-Top Solar – largest number of renewable projects in RI
- VNM - virtually links member customers to a solar project
 - RIE does not directly compensate developers for their solar. Bottom line:
 - Project owners receive revenue based on a statutory formula.
 - Linked customers get a reduction on their bills.
 - Customers do not receive power or RECs from the renewable project.
 - Customers receive electric bill credits which create a discount on their electric service.
 - Ratepayers fund customer discounts & revenue project owners receive.
- Community Solar Pilot
 - Similar to VNM
 - Mostly residential customers are linked to the project

Net Metering – Above Market Costs

Ratepayers fund this program

\$92 million in 2023

Cumulative ratepayer cost (2014-2023) - \$234 million

Clean Energy Programs Cost to Ratepayers (Narragansett Electric d/b/a Rhode Island Energy)

Year	12-Mths ending 3/31 RE Growth	Calendar Year LT Contracting	Calendar Year Net Metering	Estimated RES Compliance Cost	Total Annual Cost	Cummulative Total
2014	-	\$8,168,573	\$177,080	\$27,031,988	\$35,377,641	\$35,377,641
2015	-	\$11,601,804	\$551,915	\$23,318,233	\$35,471,952	\$70,849,593
2016	\$939,593	\$19,864,422	\$1,713,779	\$17,089,331	\$39,607,125	\$110,456,718
2017	\$2,281,826	\$43,496,658	\$3,149,512	\$10,674,301	\$59,602,297	\$170,059,014
2018	\$8,300,087	\$45,004,232	\$4,880,540	\$7,080,933	\$65,265,792	\$235,324,807
2019	\$12,930,003	\$59,027,877	\$18,822,783	\$29,561,113	\$120,341,776	\$355,666,583
2020	\$19,859,864	\$51,618,270	\$30,557,074	\$43,075,461	\$145,110,669	\$500,777,252
2021	\$21,045,299	\$34,046,358	\$36,032,809	\$47,129,663	\$138,254,129	\$639,031,381
2022	\$21,689,974	\$22,715,047	\$46,070,988	\$52,174,080	\$142,650,089	\$781,681,470
2023	\$24,104,456	\$49,488,070	\$92,218,200	\$63,405,870	\$229,216,596	\$1,010,898,066
Totals	\$111,151,102	\$345,031,311	\$234,174,680	\$320,540,973	\$1,010,898,066	

Programs Costs represent the difference between contract or tariff payments for renewable energy, plus administrative costs and remuneration (where applicable), less revenues from the sales of market products (capacity, energy, and renewable energy credits).

General Conclusions

- Increasing electric bills may impede achievement of Act on Climate goals in the transportation and heating sectors.
- As we move to a clean energy future, it will be important to seek out the least-cost initiatives to decarbonize the electric sector.
- The DPUC can provide independent cost analysis of clean energy proposals that rely on ratepayer funding.