STATE OF RHODE ISLAND
PUBLIC UTILITIES COMMISSION

IN RE: 2025 RENEWABLE ENERGY GROWTH – CEILING PRICES, AND CAPACITY TARGETS AND 2025 RENEWABLE ENERGY GROWTH PROGRAM – TARIFFS AND SOLICITATION AND ENROLLMENT PROCESS RULES	:	**DOCKET NO. 24-50-REG**
IN RE: RENEWABLE ENERGY GROWTH PROGRAM TARIFF ADVICE AND 2025 FACTOR FILING	:	**DOCKET NO. 24-48-REG**

REPORT AND ORDER

I. Overview

In 2014, to facilitate and promote grid-connected generation of renewable energy within The Narragansett Electric Company's load zone (generally Rhode Island), the Rhode Island General Assembly enacted the Renewable Energy Growth Program (Program).[1] Under the Program, each year the Public Utilities Commission (Commission) is required to approve: (1) the classes of renewable energy projects that can participate in the Program; (2) the target amount of capacity that Rhode Island Energy may enroll in each class; and, (3) the ceiling prices the projects may seek from what is generally known as a "feed-in tariff."[2] The Commission is also required to approve annual Tariffs, Solicitation, and Enrollment Rules filed by The Narragansett Electric Company d/b/a Rhode Island Energy (Rhode Island Energy or Company). In June 2023, the General Assembly amended the law to create larger class sizes, add siting restrictions, and allow for multi-year pricing and allocations.[3]

[1] R.I. Gen. Laws § 39-26.6-1 to 27. Unless otherwise noted, all filings in this matter can be accessed at https://ripuc.ri.gov/Docket-24-50-REG or at the Commission's office at 89 Jefferson Blvd., Warwick, RI 02888.
[2] The Distributed Generation Board and Office of Energy Resources (OER) recommend classes, targets, and ceiling prices to the Commission. Projects in the small classes are paid at the ceiling prices. All other classes must bid into the program up to the ceiling price. An explanation of a feed-in tariff can be found on the U.S. Energy Information Administration's website at: https://www.eia.gov/todayinenergy/detail.php?id=11471 (last visited May 16, 2024).
[3] P.L. 2023, ch. 300 and 301 (June 24, 2023).

In 2024, the Commission approved the classes for the three-year period 2024-2026.[4] The Commission also approved ceiling prices for each of the three years, 2024-2026, for all classes except the Small Solar classes. The Commission declined to approve allocations of capacity for Program Years 2025 and 2026, finding that while it was important to send price signals to developers in advance for planning purposes, the overall cost of the program needs to be justified based on need and reasonable cost. The potential total cost of the program is the product of the ceiling prices and MW allocations. The record in the prior year did not support the reasonableness of cost for the 2025 and 2026 Program Years.[5] For that reason, the Commission approved ceiling prices for the three-year period, but only approved the MW allocation for 2024.

In addition, the 2024 filing included a proposal for a pilot program relating to incentive payment adders for renewable energy projects located on so-called "brownfield" sites that require remediation. The Commission rejected the pilot proposal as filed, but invited the parties to file a new pilot proposal for consideration in a future filing.

Given the Commission's decisions for the 2024 program, the issues before the Commission in this case for the 2025 plan (Docket No. 24-50-REG) are limited to (i) the proposed MW allocations for 2025, (ii) the ceiling price for the Small Solar classes, (iii) consideration of a

[4] *See generally* R.I.P.U.C. Order No. 25141 (Aug. 29, 2024).

[5] In Order No. 25141, at page 21, the Commission stated:

> "The Commission emphasizes that the program's size must be justified based on need and reasonable cost. Therefore, when OER and DG Board file the proposed capacity allocations for Program Year 2025, they must consider the overall total cost of the program based on the approved ceiling prices and quantities. To support this, Rhode Island Energy is directed to provide the following information to the DG Board for their consideration of the Program Year 2025 allocations and Small Solar ceiling price: (1) overall cost of the program; (2) value of market products which should include the impact of other procurement activities; and (3) net cost to ratepayers and bill impacts.
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> "Rhode Island Energy will also be required to justify the prudence of any capacity reallocation agreed to between itself, the DG Board, and the Office of Energy Resources. This requirement is intended to ensure that any reallocation during the program year, given the variability in project sizes and prices, is justified. If capacity is reallocated from a class with a lower price to one with a higher price, or to a class with a worse benefit-cost ratio, the Company must make a compelling case for the reallocation at the cost recovery stage."

modified pilot program relating to projects located on brownfield sites, (iv) changes proposed to the Company's tariffs and program enrollment rules, , and (v) approval of the rates designed to recover the program costs (the Program Factors).

On November 22, 2024, the Distributed Generation Board (DG Board) and the Office of Energy Resources (OER) filed a Report and Recommendations Relating to the 2025 Renewable Energy Growth Small Solar Ceiling Prices, and allocations for 2025 Capacity Targets (2025 Report) with the Commission.[6] On November 26, 2024, Rhode Island Energy filed its proposed 2025 Renewable Energy Growth Program Tariffs, Solicitation, and Enrollment Process Rules with the Commission.[7] On December 20, 2024, the DG Board and OER filed a revised version, amending its benefit-cost analysis (BCA).[8]

The Commission conducted an evidentiary hearing on February 11, 2025, to further examine pre-filed testimony and responses to discovery requests covering both the 2025 Program Year and the REG Tariff Advice and Factor Filing. The DG Board and OER presented two witnesses, Jim Kennerly and Tobin Armstrong, their consultants from Sustainable Energy Advantage, LLC (SEA). These witnesses also provided written testimony and responded to discovery over the course of the proceedings pertaining to the 2025 Program. Rhode Island Energy (Rhode Island Energy or Company) presented three witnesses, Kenneth Campbell, Senior Energy Procurement Specialist, Mark Garland, a Customer Energy Integration supervisor, and Peter Blazunas, the Company's consultant from Concentric Energy Advisors. All three had filed testimony and/or responded to discovery over the course of one or both proceedings. The Division

[6] Report and Recommendations Relating to the 2025 Renewable Energy Growth Program Year (Nov. 22, 2024).
[7] Renewable Energy Growth Program Tariffs, Solicitation, and Enrollment Process Rules. While the statute directs Rhode Island Energy to make this filing by November 15 each year, it does not make logical sense for Rhode Island Energy to propose new Tariffs, Solicitation, and Enrollment Process Rules prior to the DG Board/OER filing and therefore, Rhode Island Energy was advised by the PUC to make its filing within one week of the DG Board/OER filing.
[8] Amended Report and Recommendations (Dec. 20, 2024).

of Public Utilities and Carriers (Division) presented its consultant, Michael Brennan, who had also submitted pre-filed testimony in both proceedings.

At an Open Meeting held on February 20, 2025, following a full review of the record, the Commission: (1) approved allocations for capacity targets for Program Year 2025 consistent with Rhode Island Energy's proposal; (2) approved ceiling prices for Small Solar I and II consistent with the Division's proposal; (3) approved a modified solar brownfield incentive pilot; (4) granted partial approval of Rhode Island Energy's tariffs and enrollment rules as amended; (5) approved Rhode Island Energy's proposed REG Tariff No. 2273 for effect March 1, 2025; and (6) approved the Renewable Energy Growth Program Factors reflected in Schedule PUC 1-1-2 for effect April 1, 2025.[9] Rhode Island Energy filed compliance Tariffs and Enrollment Rules on March 21, 2025. The Commission deferred a ruling on the brownfield pilot incentive but approved the remainder of the compliance filing for effect April 1, 2025. A final ruling on the brownfield pilot was made on April 30, 2025. Rhode Island Energy submitted a final compliance filing on May 2, 2025.

II. Ceiling Prices

The DG Board proposed ceiling prices for Small Solar I and II for program year 2025. The proposal was developed through a facilitated stakeholder process. The DG Board and OER routinely engage SEA to manage the stakeholder process and to develop and support the proposals. SEA utilizes the Cost of Renewable Energy Spreadsheet Tool (CREST) model, a publicly available discounted cash flow analysis tool. According to witnesses Kennerly and Armstrong, the CREST model "is designed to calculate the cost of energy, or minimum revenue per unit of production, necessary for the modeled project to cover its expenses, service its debt obligations (if

[9] Although not specifically ordered, the Commission expects that Rhode Island Energy will provide the DG Board with cost estimates, market value of products purchased, and net cost to ratepayers for its consideration as it develops the Program Year 2026 capacity allocation and Small Solar ceiling price proposal.

any), and meet its equity investors assumed minimum required after-tax rate of return."[10] The Commission has previously accepted the CREST model and considered its results when setting ceiling prices in the Renewable Energy Growth Program tariffs. Projects enrolled in the Small Solar classes receive the ceiling price while projects in all other classes bid in a competitive solicitation.

The recommended Small Solar I ceiling price for program year 2025 was lower than the 2024 program year whereas the Small Solar II ceiling price was higher than the 2024 ceiling price.[11] In their pre-filed testimony, witnesses Kennerly and Armstrong explained their methodology.[12] They derived installed cost inputs for resources under 25kW based on median costs from state databases and adjusted them upwards to reflect what they expected would be increased costs from a recent requirement that a licensed electrician be required to perform all installation and maintenance of solar racking, among other components.[13] These incremental costs were derived from developer surveys and desktop research.

The witnesses explained that during the stakeholder process, Rhode Island Energy recommended that instead of using the median installed costs, SEA should use the lowest quartile costs, or the average of the lowest quartile and median costs instead of the median costs. SEA had rejected the proposal because they "determined it would be inappropriate and out of step with market realities to calculate costs based on lowest quartile costs" given low enrollment in the past two program years.[14]

[10] Jt. Test. of Kennerly & Armstrong at 15-16.
[11] *Id*.
[12] *Id*. at 17-19.
[13] *Id*. at 18.
[14] *Id*. at 19.

The witnesses also explained that SEA had adjusted its financing cost methodology by changing how it calculated the interest rate on term debt inputs and eliminating the lender fee for small solar projects. They stated that they departed from the previous interest rate calculation that was based on value quoted on larger projects. They instead used data from a single credit union because it is an active lender in New England for host-owned projects. They reduced expected interest rates based on an assumption that the Federal Reserve was likely to reduce interest rates. They removed lender fees because they learned that not all financiers charge them. Finally, SEA reduced the assumed financing period by three years, from thirteen to ten.[15]

A. Division's Position on Ceiling Prices

The Division filed testimony from its consultant, Michael Brennan, opposing the proposed ceiling prices in favor of those presented by SEA during the final stakeholder meeting on October 16, 2024. He explained that SEA increased the proposed ceiling prices by 2-3% after altering its financing assumptions without an opportunity for stakeholder feedback. Thus, the Division did not support the increased cost proposal.[16]

B. Commission Findings on Ceiling Prices

Where the Commission has previously accepted the CREST modeling as appropriate for developing ceiling prices, the impact of inputs remains a critical component of the Commission's review. In the current proposal, SEA has again modified both the inputs and the methodology for developing ceiling prices. Specifically, after the close of the stakeholder process, SEA changed the financing inputs and methodology. SEA did not provide a compelling reason for the change in methodology after a decade of ceiling price setting. First, as described in witnesses Kennerly and Armstrong's Rebuttal, the information relied upon was provided to SEA between the rebuttal

[15] *Id.* 19-20.
[16] Brennan Test. at 8-9.

phase of the 2024 Program Year ceiling price development and the 2025 Program development process, suggesting that it should have been included in the initial proposed ceiling prices.[17] While the UMASS Five term sheet is interesting, even with SEA's reference to an additional confidential rate offer sheet, it is unclear that it is representative of the broader market. Thus, the Commission finds that the ceiling prices recommended by the Division are reasonable.[18] The Commission approves a Small Solar I ceiling price of 33.85 cents/kWh and Small Solar II ceiling price of 32.35 cents/kWh.[19]

III. Allocations

In its 2024 Order, the Commission declined to approve capacity targets for Program Years 2025 and 2026 and required the DG Board to file a new allocation plan for Program Year 2025 explaining that the record did not support the need for the procurement, nor the total cost of the proposed allocations. The Commission also expressed concern with the reliability of the DG Board's benefit cost analysis. The Commission also found that there was insufficient evidence that the proposed three-year allocations would result in procurement of renewable energy at reasonable cost to ratepayers. The size of the annual program should be justified based on need and reasonable

[17] In response to the question of why they were concerned with using the October 16, 2024 pricing, the witnesses stated, "SEA is concerned that, after receiving more information from stakeholders during the rebuttal testimony development phase of Docket 23-44-REG and the 2025 program development process (when the UMass Five estimates were brought to SEA's attention), the previous financing inputs did not properly reflect mass market solar financing offers 13 for host owners." (Rebuttal Test. at 12-13).

[18] The Commission appreciates the Company's comments about blending the median and lowest quartile of installed costs and concerns around sample sizes. Had there not been a proposal that SEA presented in the final stakeholder meeting that was based on the same installed cost methodology as last year and which the Division proposed as reasonable, these critiques may have carried more weight.

[19] As with last year, Rhode Island Energy will also be required to justify the prudence of any capacity reallocation agreed to between itself, the DG Board, and the Office of Energy Resources. This requirement is intended to ensure that any reallocation during the program year, given the variability in project sizes and prices, is justified. If capacity is reallocated from a class with a lower price to one with a higher price, or to a class with a worse benefit-cost ratio, the Company must make a compelling case for the reallocation at the cost recovery stage.

cost. As such, Rhode Island Energy was directed to provide certain cost information to the DG Board during its consideration of the 2025 Program Year.[20]

The DG Board recommended two allocation plans. Plan A, a total allocation of 112.5 MW, was contingent on Rhode Island Energy's finalization of ASO #3 results, including any required restudies, by forty-five days prior to the anticipated opening of the Third Open Enrollment. Plan B, a total allocation of 57.5 MW included reduced capacity in the Large Solar renewable energy classes should the ASO #3 study not be finalized. Under each plan, Large Solar projects will only be eligible to bid into the Third Open Enrollment.[21]

According to the witnesses, their BCA resulted in a positive (above 1) benefit-cost ratio (BCR), excluding economic development benefits consistent with prior Commission decisions, for Plan A at both historical and full enrollment while Plan B was slightly negative (below 1).[22]

A. Rhode Island Energy's Position on Allocations

The Company's witness, Kimberly Gauntner, explained that the Company agreed in part and disagreed in part with the proposed allocation plan based on their review of historical enrollments and projects in the interconnection queue. The Company generally agreed with the proposed allocation plan for the renewable energy classes between 1 and 5 MW in size. She opined that there are sufficient projects and developer diversity to result in healthy competition for those Large-Scale Solar classes.[23] Based on historical enrollment data, however, the Company noted a

[20] Order No. 25141, at 18-22.
[21] Amended Report, Bates Nos. 8-9. ASO Study stands for Affected System Operator Study and in the context of distributed generation, it is a study that is required by ISO-NE when an interconnecting customer's facility may have an impact on a neighboring electric system. For example, Rhode Island Energy conducts an interconnection study to assess the impact on its distribution system to determine if any system modifications are needed to accommodate a distributed generation facility. If, however, it appears the distributed generation facility may impact the transmission system or a neighboring utility's electric system, Rhode Island Energy is required to participate in an ASO study. These can add additional time for a full study.
[22] Amended Report, Bates No. 52.
[23] Gauntner Test., Bates No. 15.

significant drop in enrollments for Medium, both Commercial classes, as well as Large Solar since 2022, with an even greater drop in Small-Scale Solar enrollments in 2023 and 2024. As an example, she noted that in the nine years since the inception of the Program, no more than 8.4 MW has been awarded to Commercial Scale I and II, combined, but OER has proposed 21 MW in 2025.[24]

Therefore, based on historic enrollments, the Company recommended reducing the combined MW allocation to classes below 1 MW from the proposed 38.5 MW to the statutory 30 MW.[25] This would reduce Plan A to a total of 104 MW and Plan B to 49 MW. The projected net costs of the program, based on Rhode Island Energy's Plan A proposal, would range from $176,739,515 (assuming 50% participation) to $353,479,031 (assuming 100% participation); Plan B would range from $114,470,588 to $228,941,177 under the same assumptions.[26] On an annual basis, at full enrollment, Rhode Island Energy's alternatives would save up to $1.9 million.[27,28]

B. Division's Position on Allocations

The Division's witness, Michael Brennan, testified that the Division supported Rhode Island Energy's proposed allocations for classes below 1 MW. He was persuaded by their analysis, which was consistent with Mr. Brennan's stated concerns in his 2024 testimony about historic levels of participation in the program for these classes, and the fact that for 2025, the overall costs to customers is highest for these classes as evidenced by the BCAs performed by SEA. He

[24] *Id.*, Bates No. 16.
[25] *Id.* Rhode Island Energy included a table with specific recommendations for each class size. *Id*.
[26] *Id.*, Bates No. 18.
[27] Rhode Island Energy Filing, Bates No. 167; Rhode Island Energy only provided the DG Board with the annual cost of the proposed allocations and Rhode Island Energy's alternatives.
[28] The Company is reminded of the Commission's Order in Docket No. 23-44-REG: If there is any reallocation agreed to between Rhode Island Energy, the DG Board, and OER, the Company will be required at the time of seeking cost recovery of program expenses to justify the prudence of agreeing to the reallocation if the reallocation involves (a) moving megawatts to a class with a higher ceiling price from a class or classes with a lower ceiling price or (ii) moving megawatts to a class with a lower benefit-cost ratio from a class or classes with a higher benefit-cost ratio.

indicated that this conclusion is further supported by the BCA performed by SEA in this docket and by the analysis performed by Rhode Island Energy on total costs to customers. Thus, the Division supported Plan A and Plan B as modified by Rhode Island Energy's proposal.[29]

C. DG Board/OER Rebuttal

In their rebuttal testimony, the DG Board/OER witnesses criticized Rhode Island Energy's presentation to the DG Board of bill impacts for the total program costs beyond those for the upcoming Program Year, as being "concerning since the Board is only being asked to consider their recommendation for the plan for the *forthcoming program year only*."[30] The witnesses stated that "it is very unlikely that the 2025 proposed performance-based incentive (PBI) levels will serve as an appropriate proxy for the cost of the program eight consecutive years thereafter" and that presentation of such information as factual is potentially unreliable.[31] Instead, they wanted Rhode Island Energy to only provide the bill impact analysis for that program year.

With respect to Rhode Island Energy and Division's support for reducing the total allocation for classes less than 1 MW, the witnesses continued to recommend a 38.5 MW allocation for projects under 1 MW due to severe interconnection and siting challenges affecting larger projects, especially those in the ASO process. Smaller projects are more likely to reach commercial operation, particularly after the 2023 solar siting law, which limits where larger projects can be developed. Because of this, SEA suggested the program's effectiveness in meeting renewable energy goals would be weakened with a reduced allocation. Despite concerns over reduced enrollment, they argued that smaller projects should retain significant allocation, as unclaimed capacity does not burden ratepayers.[32]

[29] Brennan Test., Bates No. 13.
[30] DG Board & OER Rebuttal Test., at 5.
[31] *Id.*
[32] *Id.* at 6-8.

D. Commission Findings on Allocations

The Commission adopted Rhode Island Energy's position, resulting in a total of 104 MW under Plan A and 49 MW under Plan B. Rhode Island Energy provided compelling evidence, based on historical enrollment information spanning nine years of actual experience in the Renewable Energy Growth Program. The Commission finds there will be sufficient capacity with in the 30 MW allocation for projects in the classes less than 1 MW. Rhode Island Energy's approach was consistent with concerns raised by Mr. Brennan in the 2024 Program review. To the extent that there are more projects in the Medium to Commercial scale classes than expected, tightening the demand for those projects will promote healthy competition.

Limiting the capacity for classes under 1 MW reduces the cost of the program and aligns with the goal of procuring the most cost-effective renewable energy. As Mr. Brennan noted in his testimony, SEA's analysis shows that the smaller projects, although more likely to be built, are, on the whole, the least cost-effective projects in the Renewable Energy Growth Program portfolio. Thus, while the General Assembly made the policy decision to carve out a portion of capacity for those projects for participation each year, no compelling evidence was provided to expand on that statutory amount.

Therefore, the Commission approved Plan A and Plan B, modified as follows: 9 MW for Small Solar I and II; 6 MW for Medium Solar; 6.5 MW for Commercial Solar1; 0.5 MW for Commercial Solar I CRDG; 7 MW for Commercial Solar II; and 1 MW for Commercial Solar II CRDG.

IV. Rhode Island Energy Renewable Energy Growth Program Tariff and Rule Changes

Rhode Island Energy proposed several changes to the 2024 Renewable Energy Growth Program Tariffs and Rules. The proposed changes to the Tariffs and Rules are intended to: (1) add

Large Scale Solar classes to the Non-Residential Tariff and the Solar (Greater Than 25kW), Wind, Hydro and Anaerobic Digester Rules; (2) clarify the Non-Residential Tariff language on Performance Guarantee Deposits for extensions for Medium Scale Solar; (3) add additional requirements to the Solar (Greater Than 25kW), Wind, Hydro and Anaerobic Digester Rules regarding the submission of assessor's maps; (4) update and clarify language governing termination of Certificates of Eligibility; and (5) update URL links for Rhode Island Energy's website in the Rules

Two non-substantive changes were designed to clarify language around existing requirements. The first was to add the full listing of the Large Scale Solar class sizes to the introduction of the Non-Residential tariff. The second was to clarify when performance guarantees are required of Medium Solar projects and how the amounts are calculated. In addition, the Company proposed to add requirements for additional information to be shown on the assessor's map to aid in proper evaluation of projects for possible segmentation issues.[33]

The Company proposed to amend the first paragraphs of section 9 in both Tariffs to make the termination language clearer to the developer and customer community. The proposed revisions were intended to clarify to developers that termination of a COE is not automatic, and that it requires a formal request and explanation of the circumstances surrounding the request. In particular, the language would require a showing by the customer that the project could not fulfill its obligations because of an event or circumstances outside of the customer's control that cannot be prevented by using commercially reasonable efforts.[34] In addition, URL links were updated.[35] Finally, the Company left placeholder sections available for a "Brownfield Adder" to be filled in.

[33] Gauntner Test., Bates Nos. 9-13.
[34] Garland Test. at Bates 28.
[35] *Id*.

A. Positions of the Parties on the Tariff and Rule Changes

No party objected to the proposed Tariff and Rule Changes. However, Division witness Michael Brennan highlighted a portion of Section 6.c. of the residential Renewable Energy Growth Program Tariff, RIPUC No. 2151-K noting that:

> "…the level of compensation offered in recent RE Growth program years is significantly higher than recent net metering credit rates . . . . a complete analysis of price-based factors would need to reflect the fact that the RE Growth tariffs provide for potential additional compensation in the form of Bill Credits if future retail rates increase such that the Renewable Net Metering Credit Rate exceeds the fixed PBI. This effectively means RE Growth customers have some potential to earn more than the fixed PBI rate if retail rates increase substantially. These trends suggest that increasing the PBI rate substantially in the 2024 Program Year to a level that significantly exceeds net metering credit rates did not incentivize customers to pursue Small Scale RE Growth enrollment."[36,37]

Mr. Brennan's testimony prompted the Commission to issue a Notice to Parties of Issue to be Addressed in this year's Renewable Energy Growth Program Decision pertaining to Rhode Island Energy's Tariffs - Residential Tariff RIPUC No. 2151-K Section 6.c, sheet 10 (Filing at Bates page 74). In the Notice, the Commission stated that in 2020, it began reviewing this issue

[36] Brennan Test. at 7-8.
[37] Tariff RIPUC No. 2151-K, Section 6.c, Note 2 states:

> "The Performance-Based Incentive Payment is calculated based on the full monthly output generation (kWh) multiplied by the standard PBI rate. A portion is applied to the bill as a Bill Credit, and the difference between the PBI and the Bill Credit, if any, will be paid in the form a check (or by other agreed-upon means) to the recipient as identified on the Application. The Bill Credit Recipient(s) will be responsible for paying any balance due on their individual electric bills in accordance with the Terms and Conditions for Distribution Service.
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> "If the sum of the Bill Credits in a given month exceeds the Performance-Based Incentive Payment, each Bill Credit Recipient shall receive the full amount of the Bill Credit, which will not exceed the total of the per kWh delivery service charges and applicable Last Resort Service charge, excluding the customer charge and any applicable taxes. There will be no additional amounts related to the calculation of the Performance-Based Incentive Payment charged or credited to the Bill Credit Recipient(s) or the recipient identified on the Application."

but did not complete its review, specifically, in Docket No. 4983, reviewing the RE Growth Program Year 2020.

In Order No. 23849, the Commission stated:

> "Two issues were raised on the value of net metering under the Program. The first was whether National Grid was applying the bill credits correctly in the situation where a customer receives bill credits and residual cash payments. Per R.I. Gen. Laws § 39-26.6-20(e)(2), customers under this compensation structure are supposed to receive bill credits calculated based on the net metering rate. Any excess performance-based incentive credits are paid by check mailed to the customer. After a review of the applicable statutes and interpretations provided by National Grid, the PUC ordered that effective May 1, 2020, customers receiving both bill credits and residual cash payments would have those bill credits calculated in accordance with the net metering value calculation set forth in R.I. Gen. Laws § 39-26.4-2(19) and not at the full retail rate.
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> * * * *
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> "The second issue is the proper interpretation of R.I. Gen. Laws § 39-26.6-20(d)-(e) on the proper crediting of Program participants if the net metering credit were to exceed the tariff's performance-based rate paid out to Program participants. The Renewable Energy Growth tariff rate is a ceiling price. It is the rate a customer with a small system is paid. There is no competition for this rate. To date, the ceiling price has always been greater than the net metering credit. This could change in the future. National Grid has taken the position that if this happens, customers with a small-scale solar project would receive a credit higher than the ceiling price. This was the subject of testimony at the February 6, 2020 hearing and of post-hearing data requests. The PUC has never directly addressed that portion of the tariff.
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> "The PUC believes the time is ripe for ruling on this issue prior to the 2021 RE Growth Program Year. An examination of this matter was originally scheduled to be explored at the March 16, 2020 Technical Session, but it was removed from the agenda due to technical limitations brought on by COVID-19. The PUC was required to limit gatherings of people and had to conduct the Technical Session with witnesses participating via telephone. This is a technical issue of statutory interpretation and policy. It is still

> an open issue and will be addressed by the PUC subsequent to the issuance of this order."[38]

The Commission advised that because it had not already addressed the second issue, the would be addressed as part of the instant proceedings.[39] Parties were invited, but not required to address the issues in their upcoming filings expected on February 5, 2025. Otherwise, the issue would be discussed at the hearing.

In rebuttal testimony, Company witness Campbell testified that the Company supported capping the value of the Bill Credit at the value of the fixed PBI regardless of whether a customer chose to receive direct payments or a combination of direct payments and bill credits. He explained it was the Company's position that the value of Bill Credits should not exceed the value of the fixed PBI in a given month under both the Residential and Non-Residential Tariff.[40]

Additionally, during as part of discovery, the Commission questioned whether the consumption-based sizing limit for Small Solar I and Small Solar II projects should be retained within the Renewable Energy Growth Program.[41] OER advised that it had not considered whether a lifting of the sizing requirement would affect the ceiling price calculation for Small Solar I and

[38] R.I.P.U.C. Order 23849, at 18-19 (June 24, 2020).
[39] Notice to Parties of Issue to be Addressed in this year's Renewable Energy Growth Program Decision pertaining to Rhode Island Energy's Tariffs - Residential Tariff RIPUC No. 2151-K Section 6.c, sheet 10 (Filing at Bates page 74); Email from Counsel Wilson-Frias to Service Docket No. 24-50-REG Service List (Jan. 27, 2025). The Notice contained links to the relevant discovery responses filed in Docket No. 4983 and the email included a copy of the transcript.
[40] Campbell Rebuttal Test. at 5-6.
[41] The Renewable Energy Growth Program law does not include a sizing restriction based on consumption in the same way the Net Metering law does. In other words, there is no limitation to sizing based on 3-year consumption requirement except in CRDG (R.I. Gen. Laws § 39-26.6-3(5)). Instead, the project sizing limitation based on consumption is in the Residential Tariff. This has been a requirement since the first Renewable Energy Growth Program year. *See* Docket No. 4536-A Company Executive Summary; National Grid's Response to COMM-1-14. In that, the Company referenced R.I. Gen. Laws § 39-26.6-21 as its basis for requiring Residential Customers to comply with the Net Metering sizing requirement. For purposes of this response, assume the Commission finds that § 39-26.6-21 does not require Renewable Energy Growth Program participants to participate in net metering agreements.

Small Solar II projects. Thus, because it could not assess the potential ratepayer impact, it recommended maintaining the sizing requirement.[42]

B. Hearing

Although not raised in their testimony, at the hearing, OER/DG Board witness Armstrong advised that there was some concern about the proposed language directing whether Plan A or Plan B would be in effect for the third open enrollment.[43] Witness Armstrong read alternative language into the record and the parties conferred during a break, settling on the following language:

> The Plan A Megawatt Allocation Plan will be used unless there is an ASO #3 Transmission Attrition Study that is not complete and valid forty-five (45) days prior to the anticipated opening of the Third Open Enrollment, or unless the Company determines that the ASO#3 applications will be unable to bid due to events for which the Company is not at fault. If either of these conditions are met, the Plan B Megawatt Allocation Plan will be used.[44]

C. Commission Findings on Tariff and Rules

The Commission directed Rhode Island Energy to remove from Tariff No. 2151-K, Sheet 10, and No. 2152-K, Sheet 15, the following paragraph: "If the sum of the Bill Credits in a given month exceeds the Performance-Based Incentive Payment, the Bill Credit Recipients shall receive the full amount of the Bill Credit, which will not exceed the total of the per kWh delivery service charges and applicable Last Resort Service charges, excluding the customer charge and any applicable taxes. There will be no additional amounts related to the calculation of the Performance-Based Incentive Payment charged or credited to the Bill Credit Recipients or the recipient identified on the Application."

[42] OER Response to PUC 1-8.
[43] Hr'g. Tr., at 19-28.
[44] Rhode Island Renewable Energy Growth Program Solicitation and Enrollment Process Rules for Solar (Greater than 25 kW), Wind, Hydro and Anaerobic Digester Projects at 19, n.3.

After reviewing the law and the testimony, the Commission finds that there is no justifiable reason, nor was there any discussion in the prior Commission Orders originally approving the tariff language justifying why a customer who chooses to receive Bill Credits in lieu of direct payments should be compensated at a rate higher than the PBI. Both customers enrolled in the same program with the same rights and obligations for payments and credits.[45] The Renewable Energy Growth Program was designed to provide a fixed, predictable stream of revenue, different from net metering credits which fluctuate with the underlying rates. Therefore, the Commission finds that the cited language is neither supported by the law nor by fairness.[46]

The Commission also directed Rhode Island Energy to modify Tariff 2151-K, to remove the requirement that projects that are not Shared Solar must be sized to produce electricity at an annual level equal to or less than the three-year average on-site use. Rhode Island Energy's compliance filing should highlight the places in the tariff that need to be modified to implement this decision. This decision does not change the 25kW cap on residential projects.

On this issue, while the Commission's prior orders did not address the rationale, a review of the record approving the initial tariff, the Company had explained that the purpose was to mirror the statutory sizing requirement found in the net metering law.[47] What the Commission has learned over time, however, is that customers have circumvented the sizing requirement under the net metering law by oversizing their DC systems behind an AC inverter.[48] Because the Renewable

[45] A review of Company witnesses DiDomenico and Lloyd in 2015 suggests that the Company was attempting to treat customers as if they were net metering with a bi-directional meter and were netting kWh consumed against kWh produced instead of applying a dollar-value credit based on the PBI to the charges on a customer's bill. *See* DiDomenico & Lloyd Test, at 30-32; Docket No. 4536-A. That is inappropriate and not consistent with the Renewable Energy Growth law nor with how net metering works where there is a consumption meter and production meter available.

[46] Where the PBI has exceeded the net metering credit thus far, the issue has not been ripe; however, as costs and rates increase, so too does the net metering credit.

[47] Docket No. 4536-A, National Grid Slide Presentation at 16 (Feb. 10, 2025).

[48] *See e.g.*, Docket No. 5127, Hr'g Tr. 233:24-234:2 (Mar. 26, 2021) ("On our side [of the inverter], as long as their AC rating is the same, we really don't care how many panels they put up on that [DC] side").

Energy Growth Program is based on DC sizing, Renewable Energy Growth Program customers do not have that option.[49] Furthermore, net metering developers have been trying to eliminate the sizing constraints in the net metering law.[50]

Finally, while OER raised a concern that over-sizing systems could result in higher costs to customers in the Renewable Energy Growth Program, that cost concern is naturally limited by the allocation to Small Solar. The Commission approved an allocation of 9 MW to Small Solar I and Small Solar II, knowing the cost of that allocation assuming 100 percent enrollment. The total cost of the fully subscribed Small Solar I and II classes are already determined, regardless of individual project sizing within the 9 MW allocation.

In prior testimony, National Grid witness Ian Springsteel explained that systems under 25 kW act as load reducers because the energy and capacity is assumed to be consumed on site. Thus, when the load losses are lower than the Company expects in their supply procurement, there are savings passed onto customers in the Last Resort Service (LRS) reconciliation and in the next LRS procurement.[51] Allowing systems larger than they would otherwise be under the three-year average consumption cap may reduce the ceiling price in future years, as larger small-scale systems can better take advantage of economies of scale. The Commission expects to see this shift reflected in the determination of ceiling prices in subsequent years.

V. Brownfield Pilot

In Docket No. 23-44-REG, the Commission invited the parties to propose a pilot that would align improved siting of renewable energy projects in the REG Program with other state programs and with the interests of electric ratepayers.[52] In response, the DG Board, in coordination with

[49] Hr'g Tr., at 148:14-20.
[50] *See id.* at 129:8-130:13.
[51] Docket No. 4892, Hr'g. Tr. at 113-19.
[52] R.I.P.U.C. Order No. 25141, at 26.

OER, proposed a two-year pilot program offering incentive payment adders to eligible Large Solar I and Large Solar II projects sited on brownfields requiring remediation. The stated purpose of the pilot was to incentivize development on these challenging sites and to evaluate optimal incentive design and sizing. Witness Kennerly, explained that the pilot would help assess appropriate incentive levels and inform program design.[53]

The DG Board and OER proposed a uniform incentive payment adder of 1.6 cents per kilowatt-hour for all eligible brownfield-sited projects between 1 and 10 MW DC. Large Solar I and Large Solar II projects were proposed to be eligible, reflecting observations that most development on preferred sites is for projects that are greater than 1 MW.[54] The proposed adder would apply to the portion of the project overlapping a qualifying brownfield parcel requiring remediation and would be awarded to qualified projects that successfully bid in an open enrollment. The DG Board proposed to offer the incentive payment adder to 20 MW of capacity—10 MW capacity per class.[55]

In his testimony, Kennerly explained that SEA analyzed the incremental costs of siting projects on brownfields requiring remediation. He testified that the goal was to set the adder at a level that would allow a typical brownfield-sited project to achieve financial returns equivalent to a project sited on a greenfield site.[56] SEA concluded that 1.3 cents/kWh would be sufficient for Large Solar I projects, while 1.6 cents/kWh would be needed for Large Solar II.[57]

Mr. Kennerly explained that Large Solar II projects are ineligible to include interconnection costs in the basis for calculated federal Investment Tax Credit (ITC) incentives.

[53] Kennerly Test., at 38:5-6.
[54] *Id.* at 27:29-32.
[55] *Id.* at 27:33-28:2.
[56] *Id.* at 31:28-31.
[57] *Id.* at 26:31-27:5.

As a result, Large Solar I projects, which may include interconnection costs, benefit from higher first-year tax advantages relative to total installed costs. Mr. Kennerly testified that this difference offsets the economies of scale enjoyed by larger projects and caused the adder for Large Solar II to be larger than Large Solar I.[58]

The DG Board and OER proposed using the higher 1.6 cents/kWh value for both classes. This decision was intended to ensure adequate support for brownfield development at either scale, while abiding by the Commission's general principle that larger projects should not receive higher incentive payments than smaller projects.[59]

A. Testimony from Parties

The Division and Rhode Island Energy raised several questions about the proposed pilot and offered recommendations. The Division recommended setting the incentive adder at 1.3 cents/kWh for both Large Solar I and II projects, instead of the higher 1.6 cents/kWh. Division witness Brennan argued that economies of scale for larger projects should be sufficient to offset any reduced tax benefits and that overcompensating Large Solar I projects was unwarranted.[60]

Rhode Island Energy argued that any REG brownfield pilot should be designed to match existing brownfield incentive programs, such as the Renewable Energy Fund. The Company interpreted the Commission's prior directive as requiring alignment with the design features of other programs, not merely a consideration of other incentives. Rhode Island Energy suggested that the REF expand its eligibility criteria to include REG programs as a potentially simpler and more cost-effective approach.[61]

[58] *Id.* at 27:8-17.
[59] *Id.* at 27:4-5.
[60] Brennan Supplemental Test., at 17:20-23.
[61] SEA Schedule 5, page 9.

The Division challenged SEA's assumptions about land lease costs.[62] While SEA relied on interviews with developers who reported similar lease costs for brownfields and greenfield sites,[63] Mr. Brennan expressed skepticism and questioned the credibility of those claims. Further, the Division recommended reducing the program size to 15 MW and combining class allocations.[64] The Division also questioned the benefit cost analysis underpinning the adder, which relied on uncertain estimates of ecosystem services and post-remediation increases in neighboring property values. The Division noted that solar development itself may offset these benefits by negatively impacting neighboring property values,[65] a dynamic that SEA used to motivate its brownfield incentive proposal last year.

B. Commission Findings on Brownfield Pilot

The Commission rejected the DG Board's proposed pilot and invited Rhode Island Energy to submit a revised pilot designed to test the value of a brownfield incentive, evaluate the actual benefits produced by the pilot, and test program design. The Commission found that the DG Board's proposal was not consistent with the Commission's decision in Docket 23-44-REG. Specifically, the DG Board's proposed pilot was not aligned with the design, level of compensation, and total program size of the Renewable Energy Fund's Brownfield incentive, Rhode Island Infrastructure Bank Brownfields Revolving Loan Fund, or the Department of Environmental Management's Brownfield Site Preparation and Remediation Grant. In particular, the Commission had required the DG Board to consider alternatives to a cents per kWh rate, and to consider a grant payment structure instead of a tariff-based adder.[66]

[62] *Id.* at 4.
[63] Kennerly Test., at 35:14-20.
[64] Brennan Supplemental Test., at 18:4-7.
[65] *Id.* at 15:22-16:5.
[66] R.I.P.U.C. Order No. 25141, at 28.

The Commission directed several key changes to the DG Board's proposed pilot design. First, rather than limiting the incentive to 20 MW of eligible Large Solar I and II capacity, the Commission adopted a total funding cap of $2.5 million. Second, instead of a per-kWh adder, the pilot will provide fixed grants of $140 per kW DC for project capacity located on eligible brownfields requiring remediation. Third, the pilot will remain open until all funds are allocated, subject to an interim review after three years if any funds remain.

The Commission agrees with Mr. Brennan's testimony that a grant of $140 per kW—equivalent to an adder of 1.3 cents per kWh—is appropriate for both Large Solar I and Large Solar II projects, given the economies of scale associated with larger projects. Additionally, the Commission is not persuaded by the assertion that brownfield and greenfield site lease costs are equivalent. If SEA's assumption is incorrect, it would suggest that SEA's modeled project costs may be overstated, potentially inflating the estimated need for an incentive.

While the Commission invites Rhode Island Energy to file a revised program design, the Commission rejects reliance on the benefit cost analysis as justification for the adder, noting that a finding that benefits exceed costs is premised on inconsistent assumptions about property values.

C. Commission Findings on Brownfield Pilot Enrollment Rules

In response to the Commission's February 20, 2025 decision to invite Rhode Island Energy to file a new pilot proposal, on March 21, 2025, the Company submitted a compliance filing with revised enrollment rules to establish a Brownfield Remediation Incentive Pilot for Large Scale Solar I and II Projects. The Brownfield Pilot was designed and drafted in consultation with OER, the Rhode Island Department of Environmental Management (DEM), and the Division. The rules explain project eligibility, application content, and incentive calculation under the pilot.

The Commission adopted the proposed rules with three modifications. First, the Commission removed the Company's definition of the purpose of the pilot. The pilot's purpose was determined by the Commission and does not need to be restated in the enrollment rules, particularly where the Company's restatement did not align with the Commission's decision.

Second, the Commission removed all references to the proportion of project capacity located on the remediated brownfield. Because the incentive is a flat $140 per kW located on the brownfield, the total project capacity is irrelevant to incentive calculation. The inclusion of the proportional language appears to be a holdover from an earlier, kilowatt-hour incentive concept and is not applicable under the approved design.

Third, the Commission removed the final paragraph describing a joint review process with the Division, DEM, and OER. The Commission approves Rhode Island Energy's proposed plan to coordinate with these agencies through an annual meeting following the third open enrollment to evaluate applicable information and assess the pilot's effectiveness for the purposes of developing a Brownfield Remediation Incentive Pilot Report, to be submitted to the Commission no later than January 15, 2028, or earlier if pilot funds are exhausted.

The Commission notes that the proposed enrollment rules are not fully aligned with the Commission's expectations. In particular, the enrollment rules rely heavily on applicants' own assessments of their projects' power system and public benefits. Despite the shortcomings, the Commission determined that allowing the Company to proceed, subject to the modifications above, strikes a reasonable balance between limiting upfront ratepayer risk and enabling learning through pilot implementation.

Importantly, approval of the enrollment rules does not signify Commission endorsement of the Company's approach. Rather, it allows the pilot to move forward while placing the burden

squarely on the Company to demonstrate that the incentive results in identifiable, incremental, and verifiable public benefits. Specifically, future consideration of a continuation or expanded brownfield incentive will require more than developer assertions. The Company must present fact-based evidence of net benefit to land and water quality, conservation, climate resilience, or power system performance.

The Commission remains skeptical that the self-assessments solicited by the enrollment rule such as developer claims about financial necessity or dollar-value estimates of environmental and economic benefits will produce the kind of credible evidence required to justify continued incentives. Furthermore, if the Company and stakeholders treat this pilot primarily as a test of the price needed to motivate solar development on brownfields, rather than as a test of whether this approach delivers reliable public value, the Commission is unlikely to support its continuation.

VI. Renewable Energy Growth Tariff Advice and Factor Filing

On November 22, 2024, the Company submitted a Tariff Advice filing to amend RIPUC No. 2262, the Renewable Energy Growth Program Cost Recovery Provision, and proposed RE Growth Program Factors for effect January 1, 2025, through March 31, 2026, and proposed RE Growth Reconciliation Factors for effect January 1, 2025, through September 30, 2025.[67] Following amendments to the Renewable Energy Growth Program law, Rhode Island Energy had extended the Renewable Energy Growth Program and Reconciliation Factors previously approved by the Commission in 2023. Prior to the amendment, the Renewable Energy Growth Program factor and reconciliation factor were set for effect October 1 each year, over six months following the start of the Program Year. The proposed tariff change allowing a 15-month rate would allow the 2026 Renewable Energy Growth Program Factor to commence at the same time as the start of

[67] Rhode Island Energy Filing (Nov. 22, 2024).

the Program Year (April 1) while the reconciliation factors would continue to be set effective October 1.

On December 19, 2024, the Commission suspended the effective date of the tariff change and proposed rates. Discovery was exchanged and the Division submitted a memorandum finding the proposal to be reasonable. The Commission issued a data request seeking the calculation of the factors if they were designed to collect projected 2025-2026 Program Year costs; reconcile 2023-2024 Program Year costs; final reconciliation of 2022-2023 Program Year costs, if any; and become effective April 1, 2025. The Commission noted that under this scenario, reconciliation of the 2024-2025 Program Year costs would be included in a filing made June 30, 2025, for effect October 1, 2025.[68] On February 4, 2025, the Company responded and provided rates that would transition the Program Year factors to match the April 2025 to March 2026 Program Year and the reconciliation of the costs through March 2024 by September 30, 2025, allowing for the next reconciliation filing to reconcile the Program Year 2025 expenses and revenues.

At the hearing, Company witness Blazunas testified that this approach is reasonable and the Company would not object to implementing these rates.[69] Division witness Brennan concurred.[70] At the February 20, 2025 Open Meeting, the Commission approved the rate set forth in the Company's response to PUC 1-1 as discussed at the hearing.

Accordingly, it is hereby,

(25465) ORDERED:

1. The total allocation for Classes sized less than 1 MW is 30 MW with the specific class allocations as follows: 9 MW in Small Solar I and II; 6 MW in Medium Solar; 6.5 MW in Commercial Solar I; 0.5 MW in Commercial Solar I CRDG; 7 MW in Commercial Solar II; and 1 MW in 4 Commercial Solar II CRDG.

[68] PUC 1-1.
[69] Hr'g. Tr. at 158-60 (Feb. 11. 2025).
[70] *Id*. at 196-97.

2. The Allocations set forth in Plan A, as modified, totaling 104 MW and Plan B as modified, totaling 49 MW is approved.

3. The Small Solar I Ceiling Price shall be 33.85 cents per kWh and Small Solar II Ceiling Price shall be 32.35 cents per kWh.

4. Rhode Island Energy's Tariff 2151-L and associated Solicitation and Enrollment Process Rules filed on March 21, 2025 are approved for effect April 1, 2025.

5. Rhode Island Energy's Tariff 2152-L and associated Solicitation and Enrolment Process Rules filed on May 2, 2005, superseding the Compliance Tariffs filed on March 21, 2025, are approved for effect April 1, 2025.

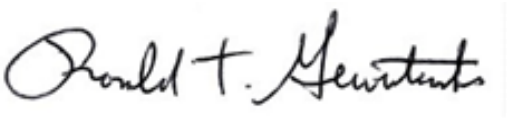
6. The Distributed Generation Board/Office of Energy Resources request for confidential treatment of certain developer-specific project information is hereby granted under the exception to the Access to Public Records Act R.I. Gen. Laws § 38-2-2(4)(B).

7. The Renewable Energy Growth Program Factors and Reconciliation Factors filed in Rhode Island Energy's Response to PUC 1-1, are approved for effect April 1, 2025.

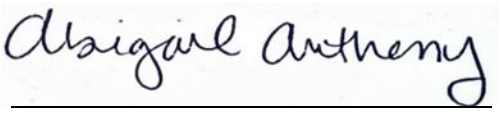
8. The parties shall comply with all other orders and directives of the Public Utilities Commission as set forth in this order.

EFFECTIVE AT WARWICK, RHODE ISLAND ON APRIL 1, 2025, PURSUANT TO OPEN MEETING DECISIONS ON DECEMBER 19, 2024, FEBRUARY 20, 2025, APRIL 1, 2025, AND APRIL 30, 2025. WRITTEN ORDER ISSUED JULY 9, 2025.

PUBLIC UTILITIES COMMISSION



Ronald T. Gerwatowski, Chairman



Abigail Anthony, Commissioner

NOTICE OF RIGHT OF APPEAL: Pursuant to R.I. Gen. Laws § 39-5-1, any person aggrieved by a decision or order of the Commission may, within seven days from the date of the order, petition the Rhode Island Supreme Court for a Writ of Certiorari to review the legality and reasonableness of the decision or order.