

Comments on Presentation for  
Public Stakeholder Meeting No. 1  
(July 30, 2025)



## STATE OF RHODE ISLAND

### DIVISION OF PUBLIC UTILITIES & CARRIERS

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August 5, 2025

### **Division Comments on Initial Stakeholder Meeting for Small Solar I and II Ceiling Prices –**

The Division appreciates the opportunity to comment on the presentation made by Sustainable Energy Advantage (SEA) at the Solar Stakeholder Meeting hosted by OER on July 30, 2025.

#### **Installed Costs**

The Division notes that on slide 9, SEA presented estimated installed costs for Small Solar I and II that are significantly lower than the amounts previously adopted for PY 2025 (~17% lower). This trend reflects a change from prior years in which general inflationary trends coupled with supply chain issues (made worse during the Covid 19 pandemic) were pushing installed costs higher. The Division observes that impacts of the One Big Beautiful Bill (OB BB) on demand for major equipment (e.g. panels, inverters) may not be fully reflected in the historical pricing data that SEA relies on to make these estimates. As such it may be necessary to gather further data later this year, if available. Furthermore, the table on slide 9 did **not** show a similar level of decrease in installed cost for the larger classes compared to what was observed for smaller classes. To the extent that SEA can elicit more details on what may be driving those differences, that would be useful in the follow-on meetings focusing on larger classes.

#### **Tax Credits**

The passage of the OB BB marks a significant shift in federal energy policy and creates a period of turbulence for the renewable energy market. As SEA notes on slide 13, projects have a narrow window of opportunity to qualify for tax credits before these are completely phased out. Qualification for tax credits will hinge on two key elements – 1) placed in service date and 2) start of construction date. Without the benefit of the final Treasury ruling on start of construction (in response to the July 7 Executive Order), it is too early to discuss the likelihood of projects to meet

this second test. What is clear, however, is that the ceiling price required for a project that qualifies for a tax credit is significantly lower than a project that does not qualify for a tax credit.

SEA is currently assuming that Small Solar II projects in program year 2026 will qualify based on the placed-in-service deadline of 12/31/2027. The Division agrees with this assumption (which may be further strengthened by the start of construction rules). For Small Solar I, given that most of these are residential and have historically been host-owned, SEA proposes removing the tax credit (based on the termination of the residential clean energy credit at the end of 2025). The result is an increase in the proposed ceiling price from 33.85 cents to 39.45 cents per kWh or a 16.5% increase. This creates two issues of concern from the Divisions perspective.

The first issue is the impact this higher price will have on all ratepayers via the RE Growth factor. While Small Solar I contributes to only a portion of the overall costs impacting the RE Growth factor, Rhode Island ratepayers are extremely sensitive to any increases to current rates.

The second issue is that establishing a high ceiling price based on the worst-case scenario of host owned systems that do not qualify for tax credits presents a potential windfall for developers who can successfully develop a compelling lease offer. In this scenario, the developer will own the solar system and be eligible for tax credits (subject to the above-mentioned rules) similar to what SEA is assuming for Small Solar II projects. An administratively set ceiling price that is based on a project that does not earn tax credits will be considerably higher than that required to earn a reasonable return on a project that does earn the tax credit. For example, using the CREST model that was shared by SEA after the stakeholder meeting (email on July 31, 2025), retaining the 39.45 cent proposed price and adding back in the ITC results in a project internal rate of return of 17.5% well above the 7% required rate of return for Small Solar I (and also well above the 12.5% required return for Small Solar II).

As a result of both of the factors discussed above, the Division believes that the Small Solar I pricing should be set based on an assumption that these projects will be leased to allow for the value of these tax credits to be earned and passed along as a benefit to Rhode Island ratepayers in the form of lower PBI payments and lower RE Growth factor costs.

**TO: Rhode Island Office of Energy Resources (OER) and the Distributed Generation Board (DG Board)**

**FROM: Rhode Island Energy**

**DATE: August 6, 2025**

**SUBJ: Response to Request for Comments Regarding Renewable Energy Growth Program Draft Prices for Small Solar**

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Rhode Island Energy respectfully submits the following comments and questions on the first draft of prices for small-scale renewable energy classes. The intent of asking the following technical questions is to better understand the dynamics that inform 2026 prices for Small-Scale Solar I and II. Where possible, we offer suggestions for improvement.

Within the CREST files for Small Solar I and Small Solar II, could SEA please clarify the basis for the assumed future REC price of 0.50 ¢/kWh (\$5/MWh), as shown on tab “Complex Inputs”, column L, for the years 2037 to 2055? For comparison, the most recent AESC report projects the value of RECs at 31.04 MWh (3.104 ¢/kWh) for 2038.<sup>1</sup>

In the CREST files for Small Solar I and Small Solar II, could SEA provide the source or methodology used to derive the values in column D of “Complex Inputs” tab, labeled “Bundled Market Value of Production (¢/KWH)?

On Slide 9, column (c), SEA presents updated installed cost estimates for Small Solar I and Small Solar II. While Appendix B is referenced, Rhode Island Energy would appreciate further detail on how these installed cost figures were calculated, including any adjustments made to base costs and the specific datasets used (if public).

SEA utilizes forecasted 10- and 20-year Treasury yields as a foundation for projecting future interest rate expectations. As noted on slide 17, debt term for Small Solar I was changed from 13 to 10. Given this adjustment, utilizing the 10-year Treasury yield, aligned with the revised debt maturity, appears to be a more appropriate and methodologically consistent approach. This would also align with the methodology used for other classes during the 2024-2026 program development process.<sup>2</sup> In light of this, could SEA provide the rationale for continuing to consider 20-year Treasury yield curve in this analysis?

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<sup>1</sup> Synapse Energy Economics et al. 2024. Avoided Energy Supply Components in New England. URL: <https://www.synapse-energy.com/sites/default/files/inline-images/AESC%202024%20May%202024.pdf>

<sup>2</sup> Sustainable Energy Advantage LLC. 2023. Rhode Island Renewable Energy Growth Program: Research, Analysis, & Discussion in Support of Second Draft 2024 Program Year Ceiling Price and Incentive-Rate Adder Recommendations. October 24, 2023. Page 11. URL: [https://energy.ri.gov/sites/g/files/xkgbur741/files/2023-11/RI\\_REG\\_2024\\_MTG\\_3\\_FINAL\\_AS%20DELIVERED.pdf](https://energy.ri.gov/sites/g/files/xkgbur741/files/2023-11/RI_REG_2024_MTG_3_FINAL_AS%20DELIVERED.pdf)

On Slide 11, SEA references the Market Consensus Forecast as the basis for future interest rate assumptions. Could SEA specify the date or average of dates on which this forecast data was extracted or compiled?

Per slide 13, section 70506 of the referenced legislation terminates the Residential Clean Energy Credit as of December 31, 2025. This change directly impacts host-owned systems under Small Solar I that are classified as residential. However, it is important to note that not all projects under Small Solar I are residential rate. According to slide 13, non-residential customers remain eligible to utilize ITC. Could SEA provide the Year-One Cost of Energy (COE) from your CREST model for Small Solar I which qualify as non-residential, incorporating the ITC and other applicable tax benefits (e.g., depreciation)?

Appendix B, on Slide 25, shows a \$30/kW electrician labor adder for Small Solar I and II. What is the basis for this \$30/kW adjustment, and how does it compare to actual labor cost trends in Rhode Island?

Thank you for your consideration of these questions, comments, and suggestions!

Comments on First Draft of MW  
Allocation Plan (issued August 21,  
2025)

**TO: Rhode Island Office of Energy Resources (OER) and the Distributed Generation Board (DG Board)**

**FROM: Rhode Island Energy**

**DATE: August 28, 2025**

**SUBJ: Response to Request for Comments Regarding Renewable Energy Growth Program Draft Megawatt (MW) Allocation Plan for PY 2026**

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Rhode Island Energy respectfully submits the following comments and questions on the first draft of MW allocation plan. The intent of asking the following technical questions is to better understand the dynamics that inform 2026 plan as proposed. Where possible, we offer suggestions for improvement.

- Please explain how the 25 MW allocation for the Large Scale I renewable energy class was determined, particularly in light of the ASO 3b and ASO 4 study data provided by Rhode Island Energy. Based on current information, the total MW of all projects in ASO 3b and 4 that may be eligible to bid into the Large Scale I class is approximately 35 MW. Without ASO 4 being complete, only one project would be eligible to bid into this class. Given this, the 25 MW allocation appears high and may not foster sufficient competition. Additional context on how this figure was derived would be appreciated.

Thank you for your consideration of these questions, comments, and suggestions!

Comments on Presentation for  
Public Stakeholder Meeting No. 2  
(Sept. 17, 2025)



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### **Division Comments on Second Draft of Ceiling Prices (presented by SEA on September 17, 2025):**

#### **Small Solar Ceiling Prices**

The Division believes that introducing a two-tier pricing structure for Small Solar I has the potential to add significant cost to ratepayers. Recognizing that the impacts of the 2025 tax bill (OBBBA) to the renewable industry will be far reaching and will unfold over multiple years, the industry must act quickly to adapt to this new reality. This includes adapting their business models to be able to take advantage of the tax credits while they are still available and then to take full advantage of bonus depreciation. Setting a higher price for host owned systems disincentives the industry from adapting to this new reality in a timely manner with the result being that RIE ratepayers will pay more for these host owned systems than necessary. The Division supports the proposed small solar I Third-Party Owned and Small Solar II prices and suggests using a single price. Given the relative closeness of the calculated prices, the Division recommends using the average of the calculated prices of 28.35 and 28.65 cents, or 28.50.

## **Medium and Commercial Solar I are higher CPs than Small Solar I or II**

The ceiling prices presented on slides 16 and 17 result in the following conclusions:

- Medium Solar is 24% more expensive than Small Solar I / Small Solar II
- Commercial I Solar is 5% more expensive than Small Solar I/ Small Solar II
- Large Solar III and IV have prices that are slightly higher than Large Solar II

This result defies traditional economies of scale logic and is at odds with the Commission's decision in Docket 23-44-REG on this matter. These projects have common or similar assumptions regarding tax rates, tax credits, and financing costs and would utilize similar equipment and construction methods. Therefore, it stands to reason that a larger project would leverage that scale to reduce the costs on a per kW or per kWh basis.

- Medium and Commercial I Solar CPs should be set at a price that is no greater than Small Solar
- Large Solar II, III and IV should all be set at 17.35 cents

## **FEOC**

Slides 9 and 10 discuss the impacts of the Foreign Entities of Concern (FEOC)

- Does SEA have actual data to support the range or is this just a "best guess" from developers? If so, the Division requests that this be provided to the Division and the stakeholder group.
- Does SEA have any documented discussion with tax equity financiers indicating that tax equity partners will require an added risk premium for FEOC? If so, the Division requests that this be provided to the Division and the stakeholder group.

## **Fair Rate of Return for Equity Investment**

Slide 18 of the presentation discusses fair returns to sponsor equity and provides an example, based on Large Solar, of the impact to the equity returns using the ceiling prices currently approved by the PUC for 2026, but with updated assumptions for capital cost and debt (interest, tenor and debt as a percent of capital). SEA has requested input on whether the current Ceiling Prices ("CP") provide an opportunity for a fair rate of return on equity. It would be helpful to see additional modeling results to inform the answer to this question of a fair return.

- Can SEA provide a table that presents the calculated sponsor equity returns using the previously approved CP and the updated inputs for all of the non-small solar classes?

- Can SEA also present this table using capital costs based on the **median** of installed cost data as opposed to the average of the **median and 75<sup>th</sup> percentile** of cost data?
- Can SEA further present this table using average of the **median and 75<sup>th</sup> percentile** of cost data but also **including 100% bonus depreciation**?

### **Post Tariff Revenue Assumptions**

The Division requests that SEA provide the referenced AEO 2025 estimates for residential and commercial retail rates.

The Division notes that SEA proposes to continue to assume that the projected post tariff revenues are based on the projected retail rates reduced by 20% and then further reduced by 40% (a cumulative reduction of 52%). Consistent with our position in prior years in this program, the Division continues to believe that applying 40% reduction to post tariff revenue is excessive and fails to consider that the target equity returns assume some level of risk. For post tariff revenue, this risk is limited to the last 10 years the project life. In any case, if a reduction of 40% is to be applied, that should be the only reduction applied (i.e. that reduction of 40% should be assumed to include/ take into account the statutory reduction in net metering credits).

The Division concurs with RIE that the REC pricing assumed in the post tariff revenues should be increased.

### **Other**

The Division requests that SEA provide more details on the source data and calculations used to arrive at the I/C adder of \$263/ kW for Large Solar (see slide 47) and to confirm that this same adder is applied to Large Solar II-IV.

**TO: Rhode Island Office of Energy Resources (OER) and the Distributed Generation Board (DG Board)**

**FROM: Rhode Island Energy**

**DATE: October 1, 2025**

**SUBJ: Response to Request for Comments Regarding Renewable Energy Growth Program Draft Ceiling Prices and Megawatt (MW) Allocation Plan for PY 2026**

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Rhode Island Energy (RIE) respectfully submits the following comments and questions on the first draft of MW allocation plan. The intent of asking the following technical questions is to better understand the dynamics that inform 2026 plan as proposed. Where possible, we offer suggestions for improvement.

1. Preliminary survey data from Rhode Island Energy's residential solar customers clearly demonstrates that while compensation is important, it is only one of several factors influencing program selection. Respondents consistently cited the method of compensation, availability of upfront grants, contract terms, ease of connectivity, and administrative burden as significant drivers in their decision-making process. This underscores the need for program design to prioritize non-price improvements—such as streamlined enrollment, better communication, and flexible contract options—rather than relying solely on increasing ceiling prices to boost participation. Furthermore, ceiling prices must remain 'just and reasonable' as required by R.I. Gen. Law 39-26.6, and should reflect actual market conditions and customer preferences, not simply compensating for lost clean energy tax credits and other changes to the federal tax code. The Company is still in the process of reviewing SEA's findings on the impact of the recent changes to the federal tax code on clean energy investment and financing, and how SEA suggests those findings be applied to ceiling price calculations. SEA's latest market analysis presented on September 29, 2025, shows that installed costs for small-scale solar have declined sharply (Small Solar I: -17.1%, Small Solar II: -12.7% from 2025 to 2026), and that new financing structures and technology improvements continue to drive costs down. These changing market conditions reinforce the need for ceiling prices to be set based on current data and statutory standards, rather than assumptions about past incentives.
2. The PUC's Written Order in Docket 23-44-REG requires that any change to approved ceiling prices be supported by compelling evidence that the established prices will not result in a statutorily "reasonable rate of return." The only justification provided for increasing ceiling prices is a modeled reduction in sponsor IRR from 11% to 9.3% (SEA Stakeholder Meeting, slide 18). However, this range remains within industry norms, and there has been no petition or complaint from developers or other affected parties. In past years, actual returns have fluctuated significantly without triggering ceiling price changes. Absent direct, compelling evidence from those affected, it is the Company's belief that a one-year change to ceiling prices does not meet the statutory burden of proof. Any necessary adjustments should be considered in the next multi-year ceiling price proposal, ensuring decisions are based on comprehensive data and stakeholder input.
3. Unlike small-scale solar, installed costs for non-small scale solar utilize average of median and 75th percentile. This may be justified if it is expected that competitive bidding process will yield lower bid prices than set ceiling prices. However, for several REG program years, non-

small scale solar classes have been significantly under subscribed. Under these conditions, developers are not incentivized to bid below ceiling prices. Therefore, the Company feels using median values of installed costs for these renewable classes for setting ceiling prices is more appropriate.

4. On slide 29 of “SEA’s Sept 17 Stakeholder Meeting” slide deck, SEA will “adopt the 2038 AESC value of \$31.04/REC with a 40% discount consistent with energy value treatment → \$18.6/REC assumed post-tariff” which was made in response to a comment from RIE on August 6, 2025. The Company appreciates SEA’s willingness to adopt an industry-standard AESC value for RECs. However, RECs are different market products than energy and they should not be linked to net metering and should not be discounted. The price forecasted by AESC already captures uncertainty and should not be discounted further. In a post-tariff scenario, the value of the REC does not change simply due to it being post-tariff.
5. The Company supports shifting to using AEO 2025 retail rate forecasts, however they should not be discounted further as those forecasts also already capture uncertainty.

Thank you for your consideration of these questions, comments, and suggestions.

Comments on Third Draft of REG  
Ceiling Prices (issued October 15,  
2025)

**TO: Rhode Island Office of Energy Resources (OER) and the Distributed Generation Board (DG Board)**

**FROM: Rhode Island Energy**

**DATE: October 21, 2025**

**SUBJ: Response to Request for Comments Regarding Research, Analysis, & Discussion in Support of Third Draft 2026 Program Year Prices (v2)**

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Rhode Island Energy respectfully submits the following comments and questions on the third draft of MW allocation plan and 2026 Program Year Prices. The intent of asking the making the following technical comments is to better understand the dynamics that inform 2026 plan as proposed. Where possible, we offer suggestions for improvement.

### **Tax Assumptions**

The Company has reviewed the tax assumptions SEA incorporated into its proposed ceiling prices following enactment of the “One Big Beautiful Bill Act” (“OBBBA”) (P.L. 119-21) – particularly with respect to non-small-scale projects. Following this review, the Company submits the following comments and recommendations for consideration.

### **Foreign Entity of Concern (“FEOC”) Requirements.**

In its proposed Program Year (“PY”) 2026 ceiling prices, SEA incorporated a risk premium related to the FEOC rules included in the OBBBA. The Company finds this inclusion both premature and inconsistent with past practice.

In past program years with respect to nascent and more complex changes to the federal tax code, SEA has cited the unavailability of Treasury guidance as an impediment to factoring such provisions into ceiling price assumptions. For instance, in joint direct testimony filed in Docket No. 22-39-REG, SEA noted “implementation uncertainty” related to certain provisions in the Inflation Reduction Act (“IRA”) like bonus credits and transferability, which require that “...the U.S. Department of the Treasury (“Treasury”) and the Internal Revenue Service (“IRS”) develop regulations to implement each relevant provision...” (p. 25). SEA’s testimony further states that in developing recommended PY 2023 ceiling prices, they did not “make any specific assumptions regarding the (still forthcoming) implementing regulations associated with any of the provisions of the IRA” (p. 26).

Like the tax provisions discussed above in the context of the IRA, the FEOC rules included in the OBBBA are complex and will require regulatory guidance to allow taxpayers to understand their applicability. It is premature to assume that clean energy developers in Rhode Island will suffer financial harm in the absence of such guidance.

The Company suggests that FEOC impacts should not be assumed or incorporated into ceiling prices until regulatory guidance is issued, and there is a clear framework for compliance.

### **Tax Credit Transferability.**

In its proposed PY 2026 ceiling prices, it appears that SEA did not account for the continued availability of tax credit transferability. The Company questions this approach and suggests that the benefits of transferability should be considered in ceiling price determinations.

Transferability has been widely-touted by the renewable energy industry since enactment of the IRA, as it provides additional flexibility with respect to tax credit monetization – which directly addresses concerns related to the limited tax appetite of developers.

The American Clean Power Association, the trade association that represents the broad interests of the clean energy industry, and whose members include developers, financial firms, and regulated utilities, describes transferability and its benefits as follows:

“Transferable tax credits reduce the cost of capital and allow developers and manufacturers to recycle capital more quickly. Developers and manufacturers can also take advantage of shortened transaction timelines and the ability to sell credits to a broader pool of corporate tax payers compared to traditional tax equity structures.”<sup>1</sup>

SEA indicated in joint direct testimony filed in Docket No. 22-39-REG for PY 2023, that the usability of the transferability provision would be monitored to “determine if transferability becomes a common practice, the terms on which such transfers are made, and what impact it should have on the financing assumptions associated with the ceiling prices...” (p. 36).

According to recent market intelligence reports issued by Crux<sup>2</sup>, the tax credit transferability market is robust. In 2024, the estimated volume of tax credit transfers was \$24-\$30 billion and the forecasted volume for 2025 is \$55-\$60 billion. These market figures provide a clear indication that the transferability provisions under Internal Revenue Code Section 6418 have proven to be a very valuable tool for developers to monetize credits.

The Company suggests that tax credit transferability continues to be a useful tax benefit in reducing the cost of capital for clean energy developers and should be appropriately considered in determining PY 2026 ceiling prices.

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<sup>1</sup> [<https://cleanpower.org/crux/>]

<sup>2</sup> [<https://www.cruxclimate.com/reports/2024-market-report> and <https://www.cruxclimate.com/reports/2025-mid-year-market-intelligence-report>]

## **Post-tariff Revenue Assumptions**

In the second draft prices, SEA adopted a post-tariff REC value equal to the 2024 Avoided Energy Supply Costs in New England (AESC) study's forecasted RI Class I REC values of ~\$30/REC in 2038, with 40% discount consistent with energy value treatment using \$18.6/REC post-tariff. However, ~\$30/REC in 2038 forecasted by AESC are in constant 2024\$ (see Table 85 in AESC 2024 on page 193). CREST model uses nominal values. The Company believes that prior to use in the CREST model, the REC value should be converted from 2024\$ REC values to nominal values reflecting inflation. AESC 2024 states that the value for converting between future nominal dollars and constant 2024\$ is a long-term inflation rate of 2.25 (AESC, 2024, page 363). This adjustment will result in small decrease in ceiling prices for Small Solar I and II.

Slide 29 of the "Research, Analysis, & Discussion in Support of Second Draft 2026 Program Year Prices" shows the application of a 40% discount to post-tariff revenue to "reflect revenue uncertainty" risk if retail rates for net metering fall below forecasts. However, the scenario where retail rates exceed investor expectations is not considered. While the Company does not disagree with SEA's projected residential retail rate (referenced in column T, rows 130 to 154 above), Energy Information Administration ("EIA") projects a 2.1% annual retail rate increase and RIE's historical retail rate data provides an average 4.6% yearly increase. Therefore, the 40% discount appears unwarranted given this data. The discount is providing REG customers with higher prices throughout the tariff term to heavily compensate for an unlikely decrease in retail rates in the future. Additionally, customers who enroll in net metering instead of REG are not provided with any risk mitigation of retail rates.

Additionally, on slide 29 of the "Research, Analysis, & Discussion in Support of Second Draft 2026 Program Year Prices", A-16 and C-06 retail rates are reduced by "20% to reflect recent change in law that provides virtual net metering credits at 80% of the full net metering rate". However, this law change applies to "off-site solar installations" and, additionally, residential customers are rarely virtual net metered host accounts. The Company feels this reduction in the residential retail rate is in error and should be removed for Small Solar I and II at a minimum.

In reviewing the CREST Model RI\_REG\_2026\_CRESC\_Public\_V2 (received on October 15, 2025), tab "Complex Inputs", it is unclear how the "Residential net metering" rates in column K (rows 143 to 164) are calculated based on the "Residential Retail Rate Forecast" in column T (rows 130 to 154) for years 2039 through 2060. The 40% + 20% discounts on residential retail rates noted above do not fully account for the differences between the values listed. The Company seeks clarification regarding the calculation methodologies used for these values, as the mathematical basis is currently unclear.

Thank you for your consideration of these questions and comments.



From: Newport Solar  
300 Old Baptist Rd., Unit 2  
North Kingstown, RI 02852

Date: October 21, 2025

To: Rhode Island Office of Energy Resources

Re: Third Draft of the 2026 REG Program's Prices and MW Allocation Plan

**Dear Members of the Office of Energy Resources, Distributed Generation Board, and Public Utilities Commission:**

We at Newport Solar are deeply concerned about the proposed reduction in the Small Scale I ceiling price from 39.45 cents to 31.75 cents per kilowatt hour. We respectfully urge the parties to restore the rate to 39.45 cents, as first drafted.

**1. The Program Is Not Meeting Its Statutory Purpose**

Over the past 16 years, Newport Solar has installed more than 8 megawatts of primarily residential scale PV systems across Rhode Island. Since 2019, however, fewer than 10 of our installations have been able to participate in the Renewable Energy Growth (REG) Program. This trend is consistent with the broader market.

In its own filing, Rhode Island Energy acknowledged that “enrollments in the REG program have been relatively low in recent years” ([RIE Comments, November 2023, page 2](#)). By statute, the REG Program is intended to “promote the development of grid connected renewable energy” across the state. The persistent lack of enrollment demonstrates that the program is not achieving its purpose under the current rate levels.

**2. Incentive Rates Are the Primary Driver of Participation**

As a contractor who works directly with homeowners every day, we find incentive rates to be the single largest factor in determining whether a customer proceeds with a REG project. When rates



were higher between 2015 and 2018, the program was effective and widely utilized. As rates have decreased, small scale participation has fallen sharply.

This pattern is not anecdotal. Rhode Island Energy's own data show that from 2017 to 2022, Small Scale REG enrollments dropped by more than 50 percent, even as the number of solar companies and the state's clean energy workforce grew. The issue is not lack of interest in solar; it is lack of financial viability at the proposed rates.

### **3. REG and Net Metering Are Distinct Programs**

Rhode Island Energy argues that low REG participation is not evidence that ceiling prices are too low, claiming:

“One potential erroneous conclusion is that ceiling prices are lower than they need to be to attract projects. This conclusion is erroneous because it fails to compare ceiling prices to the alternative net metering compensation value, which is arguably greater for many projects.”

— *[Rhode Island Energy Comments on the First Draft Ceiling Prices, November 2023, page 3](#)*

This reasoning is flawed. REG and Net Metering are distinct statutory programs, each designed to serve different purposes while contributing to the same statewide renewable energy goals. Nothing in Rhode Island statute authorizes the OER, DG Board, or PUC to adjust one program to the detriment of the other. Both programs must be implemented faithfully and concurrently to promote renewable energy adoption across all customer classes.

Using net metering as justification to suppress REG rates undermines the very intent of the REG statute, which is to encourage new distributed renewable generation through stable, long term pricing.

### **4. Restoring the Rate Aligns with Legislative Intent and Market Reality**

If the REG Program is to fulfill its purpose as a meaningful driver of distributed generation, the Small Scale I ceiling price must remain at least at 39.45 cents per kilowatt hour. Restoring this rate will:

- Realign the program with its statutory mission to expand grid connected renewable energy.



- Reinvigorate contractor participation in the small scale market.
- Offer Rhode Islanders a viable and stable alternative to net metering.
- Support state clean energy and climate goals by accelerating residential adoption.

## **5. Conclusion**

Rhode Island Energy's own filings confirm that participation in REG has stagnated. The proposed rate reduction would only widen the gap between program intent and real world adoption. We urge the OER, DG Board, and PUC to restore the 39.45 cent rate and reaffirm the state's commitment to making small scale renewable energy development achievable for homeowners and contractors alike.

Thank you for your consideration and for your continued commitment to Rhode Island's clean energy future.

Kind Regards,  
Jon Miller  
Co-Owner & CFO, Newport Solar  
[jon@newportsolarri.com](mailto:jon@newportsolarri.com)



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### DIVISION OF PUBLIC UTILITIES & CARRIERS

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October 22, 2025

### **Division Comment on Third Draft of Ceiling Prices (presented by SEA ):**

The Division has already provided comments on earlier drafts, some of which have been addressed. The following is our final comment which addresses our long-standing position:

The Division maintains the position that the discounting of post tariff revenues is excessive, including discounting of REC revenues. The Division agrees with RIE's position on this as summarized in the slides on page 12 and 13. The required return on equity takes into account project specific risks related to pricing and operations. The pricing risk in this case is limited to years 21+ of the project life (given the fixed tariff rate in REG for 20 years). Furthermore, the modeling already assumes a reduction of 20% related to the statutory reduction in VNM rates.