



Rhode Island REG Program:

Update regarding 2026 PY

July 28, 2025

Sustainable Energy Advantage, LLC

Overview of 2026 REG PY Considerations

- During 2024 PY development process:
 - PUC approved three-year set of ceiling prices for all classes other than Small Solar I and II → **Need to set Small I and II for this year's pricing development**
 - PUC declined to approve a three-year MW allocation plan → **Need to propose new 2026 MW allocation plan**
- In addition, passage of the Big Beautiful Bill (BBB) has resulted in changes to federal tax provisions impacting renewable energy more broadly → **SEA to consider implications for all ceiling prices**

OBBBA Provisions Impacting Renewables (1)

- July 4 - [Public Law 119-21 \(H.R. 1\) – The One Big, Beautiful Bill Act \(BBB\)](#) was signed into law
- The Law rolls back many of the tax credits and programs created by [Public Law 117-169 – Inflation Reduction Act \(IRA\) of 2022](#), most notably:
 - Section 70506 terminates the [Residential Clean Energy Credit](#) as of December 31, 2025 → **Impacts Small Solar I**
 - Sections 70512 and 70513 terminate the [Clean Electricity Production Credit \(CEPC\)](#) and [Clean Electricity Investment Credit \(CEIC\)](#) for certain projects → **Impacts Small Solar II and larger.**

OBBBA Provisions Impacting Renewables (2)

- Impacted non-residential projects include:
 - Facilities **placed in service after December 31, 2027**, except for facilities that began construction within 12 months of the Law's enactment (i.e., July 4, 2026)
 - July 7 [Executive Order](#) directs treasury to ensure the “beginning of construction” standard is “not circumvented” via “artificial acceleration or manipulation of eligibility and ... the use of broad safe harbors”
 - Facilities that commenced construction after December 31, 2025, with “material assistance” from a “prohibited foreign entity,” subject to safe harbor tables issued no later than December 31, 2026
- Law also **makes permanent the 100% bonus depreciation** option for energy production facilities placed in service before January 1, 2031

OBBBA Implications for REG Program

- The elimination of these incentives for certain projects (based on placed in service/commenced construction treatment) will likely increase the levelized cost of energy (LCOE) → higher ceiling prices to allow projects to meet a reasonable rate of return
- However, mitigating factors, such as OBBBA's provision to make 100% bonus depreciation permanent, may also offset the upward cost pressure if developers are able to utilize
- Given this, the impact is not expected to be one-to-one—*for example, a 30% drop in the Investment Tax Credit (ITC) will not necessarily translate into a 30% increase in solar LCOE*—because **new financing structures and/or investors that can monetize permanent bonus depreciation and other non-ITC tax benefits are likely to emerge in response**
- **SEA's research efforts in the coming weeks/months will focus on what these new structures are likely to look like, and their implications for ceiling prices**

Timeline for 2026 CP Development Process

- **July 30** – First stakeholder meeting re: first draft Small Solar I and II prices
- **August** – SEA completes research regarding expected impact of BBB on REG-eligible projects
- **Early September** – Second stakeholder meeting re:
 - Second draft Small Solar I and II prices
 - First draft of analysis re: BBB implications for non-small solar
- **Late September** – Revisions to analysis in response to stakeholder feedback, request for additional feedback, if necessary
- **September 29** – Presentation to DG Board re: analysis thus far
- **October 27** – Final recommendations presented to DG Board
- **November** – Filing before PUC

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