



STATE OF RHODE ISLAND  
**OFFICE OF  
ENERGY RESOURCES**

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January 27, 2026

Via Electronic Mail and Hand Delivery [[stephanie.delarosa@puc.ri.gov](mailto:stephanie.delarosa@puc.ri.gov)]

Stephanie De La Rosa, Commission Clerk Rhode Island Public Utilities Commission  
89 Jefferson Boulevard  
Warwick, RI 028880  
[stephanie.delarosa@puc.ri.gov](mailto:stephanie.delarosa@puc.ri.gov)

Re: PUC Docket No. 25-52-REG & PUC Docket No. 25-53-REG: OER and DG Board's  
Response to the PUC's Second Set of Data Requests -

Dear Ms. De La Rosa:

On behalf of the Office of Energy Resources ("OER") and the Distributed Generation Board ("DG Board"), I am enclosing the OER and DG Board Response to the Public Utilities Commission's Second Set of Data Requests in PUC Docket No. 25-52-REG and PUC Docket No. 25-53-REG.

If you have any questions or concerns, please do not hesitate to contact me at [David.Augustyn@energy.ri.gov](mailto:David.Augustyn@energy.ri.gov) or (401)871-8604.

Sincerely,

A handwritten signature in blue ink that reads "David Augustyn".

David M. Augustyn, Esq.  
Legal Counsel  
Rhode Island Office of Energy Resources

Dated: January 27, 2026

STATE OF RHODE ISLAND  
PUBLIC UTILITIES COMMISSION

IN RE: 2026-2027 RENEWABLE ENERGY : DOCKET NO.: 25-52-REG  
GROWTH PROGRAM :

IN RE: 2026-2027 RENEWABLE ENERGY : DOCKET NO.: 25-53-REG  
GROWTH PROGRAM FACTOR FILING :

**THE OFFICE OF ENERGY RESOURCES AND DG BOARD RESPONSE TO THE  
PUBLIC UTILITIES COMMISSION'S SECOND SET OF DATA REQUESTS**

(Issued January 16, 2025; Due January 27, 2026)

PUC 2-1. Please provide the research referenced on page 31, lines 18-27 of Armstrong's testimony. Please explain and illustrate how it substantiates a specific discount of 40% to post-tariff revenue.

**SEA is not aware of a single publicly available study or survey that prescribes a uniform, industry-standard percentage haircut of 40% applicable to post-tariff/contract revenues across all distributed generation projects. The 40% discount applied to post-tariff revenues in SEA's ceiling price modeling reflects SEA's professional judgment, which reflects its many years operating a financial modeling, revenue forecasting and incentive development practice for clients in the distributed renewable energy space, as well as regular discussions with market participants active in renewable energy project development, investment, and dealmaking in the Northeast.**

**That said, publicly available industry analysis regularly recognizes that uncontracted/"merchant" revenue exposure is inherently higher risk than that of contracted revenue, and therefore requires higher required debt and equity returns. For example, the consulting and accounting firm PwC explains that when a project can transfer risk and secure cashflow certainty, it should attract a lower weighted average cost of capital (WACC), as evidenced by PPA-backed projects that can support higher debt and lower equity return requirements, whereas merchant projects with greater price and operational risk exposure tend to face more limited access to debt and higher required equity returns.<sup>1</sup> In addition, participants in the *Cost of Capital: 2025 Outlook* panel discussion hosted by Norton Rose Fulbright identified that financing terms for renewable energy projects vary by revenue certainty and contract structure, with merchant projects associated with higher cost capital relative to contracted revenue streams.<sup>2</sup>**

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<sup>1</sup> See PwC. *Is merchant the new black?* May 2018. Available at: <https://www.pwc.com.au/legal/assets/is-merchant-the-new-black-may18.pdf>

<sup>2</sup> See the transcript of Norton Rose Fulbright. *Cost of Capital: 2025 Outlook*. 24 January 2025. Available at: <https://www.projectfinance.law/publications/2025/january/cost-of-capital-2025-outlook/>

**These higher required equity returns for merchant projects (or the merchant portion of a project with a term contract) operate as a discounting mechanism in the valuation of the project by financiers. In the context of the CREST model, in which the tariff rate is designed assuming that it will meet project-wide aggregate financier return expectations, this higher return requirement for post-contract/merchant revenue is tantamount to applying a discount to the forecasted post-tariff revenues.**

**In addition, recent developments in Rhode Island substantiate the importance of SEA's discounting of said revenues. For example, the proposed FY 2027 budget legislation would, if enacted, require that virtual net metering credits generated in 2045 and thereafter be valued at ISO-NE wholesale market prices.<sup>3</sup> As SEA has previously noted before this Commission, REG facilities, whether during or after the tariff period, do not serve onsite load. Accordingly, it follows that a future Commission, in a future REG docket, could determine that post-tariff REG generation should be compensation at ISO-NE wholesale values. This would, of course, represent a much larger reduction in post-tariff value than the 40% discount to current forecasts for net metering credits applied in SEA's modeling in this case.**

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<sup>3</sup> See Rhode Island General Assembly. *Article 11, Relating to Affordability (Governor McKee's Budget as Proposed January 15, 2026)*. Available at: <https://www.rilegislature.gov/Budget/SitePages/FY27.aspx>

CERTIFICATE OF SERVICE

I hereby certify that on January 27, 2026, I sent a true copy of this document by electronic mail to the parties identified in the below-referenced Docket Service Lists as of January 27, 2026.

The paper copies of this filing are being hand delivered to the Rhode Island Public Utilities Commission and to the Rhode Island Division of Public Utilities and Carriers.



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David M Augustyn, Esq.

**Date:** January 27, 2026

cc: 25-52-REG Service List, 25-53-REG Service List