
To: Rhode Island Public Utilities Commission

From: Aliea Afnan Munger and Charlotte Gebhard, DAYMARK ENERGY ADVISORS
On Behalf of the Division of Public Utilities and Carriers

Date: March 17, 2026

Subject: 2026 Renewable Energy Standard Charge and Reconciliation Filing
Docket No. 26-07-EL

INTRODUCTION

On February 27, 2026, Rhode Island Energy (“RI Energy” or the “Company”) submitted its proposed 2026 Renewable Energy Standard (“RES”) Charge and Reconciliation Filing with the Public Utilities Commission (“Commission”). In its filing, the Company seeks approval for a RES Charge of 1.662 cents/kWh, effective April 1, 2026. The charge consists of two components. The first component is the estimated cost of complying with the RES for 2026, estimated by RI Energy to be 1.606 cents/kWh. The second component is the adjustment charge to reconcile previous estimates of the cost of complying with prior years’ RES with actual costs, which was calculated at 0.056 cents/kWh. The proposed RES Charge represents an increase on a 500 kWh/month Last Resort Service residential customer’s bill of 0.7%, an increase of \$1.06 per month.

The Rhode Island Division of Public Utilities and Carriers (“Division”) retained Daymark Energy Advisors (“Daymark”) to review the filing along with all the attachments to ensure that the two components that make up the 2026 RES Charge were accurately calculated and are in accordance with the relevant tariffs. This memorandum presents the full results of our review. In summary, Daymark finds that RI Energy calculated all the charges appropriately based on the underlying data the Company presented and the relevant tariff. Therefore, Daymark recommends approval.

RENEWABLE ENERGY STANDARD CHARGE AND RECONCILIATION

COMPONENT #1: ESTIMATED COST FOR 2025 RES COMPLIANCE

The first component of the proposed 2026 RES Charge, calculated at 1.606 cents/kWh, is based upon REC (“Renewable Energy Certificate”) prices of \$37.58 for New RECs and \$5.18 for Existing RECs. The estimated prices for both the New and Existing RECs were based on broker quotes as of February 11, 2026. The estimated costs for New RI RECs appear consistent with Daymark’s outlook on the current REC market for vintage 2025 and 2026 RECs.

The Company’s estimated prices for New RECs with 2025 and 2026 vintages fell within the range of market-based prices. Vintage 2025 New REC average prices used were \$38.60 versus a market-based median of

\$38.44. Prices fell \$4.56 to a low of \$35.75 for vintage 2026 New RECs during the spring and summer of 2025 with actual market-based median prices of \$38.06. Overall, New REC prices continue to rise, nearly returning to previous highs of around \$38.00. Figure 1 below shows that while linear price trends overall are downward-sloping, market prices have shown increases this past winter and are moderately variable within approximately a \$4.00 band. Given the variability, the prices used by the Company appear reasonable and supported by market data.

In contrast, Existing REC prices have risen throughout the year for 2025 vintages. The Company estimated 2025 vintage Existing RECs at \$5.83 compared to a market median and maximum price of \$4.25. The average received for vintage 2026 RECs was \$5.18. This compares to market pricing in which the available information suggests that Existing RI RECs are priced at a near-zero value.¹ As provided in Figure 2 below, Existing REC prices are not available on S&P for a 2026 vintage. There is no public data that suggests 2026 vintage Existing RECs are selling at a higher price than 2025 vintage. Given the scale of Existing REC prices and supply obligation, Daymark does not oppose the average price that RI Energy has proposed.

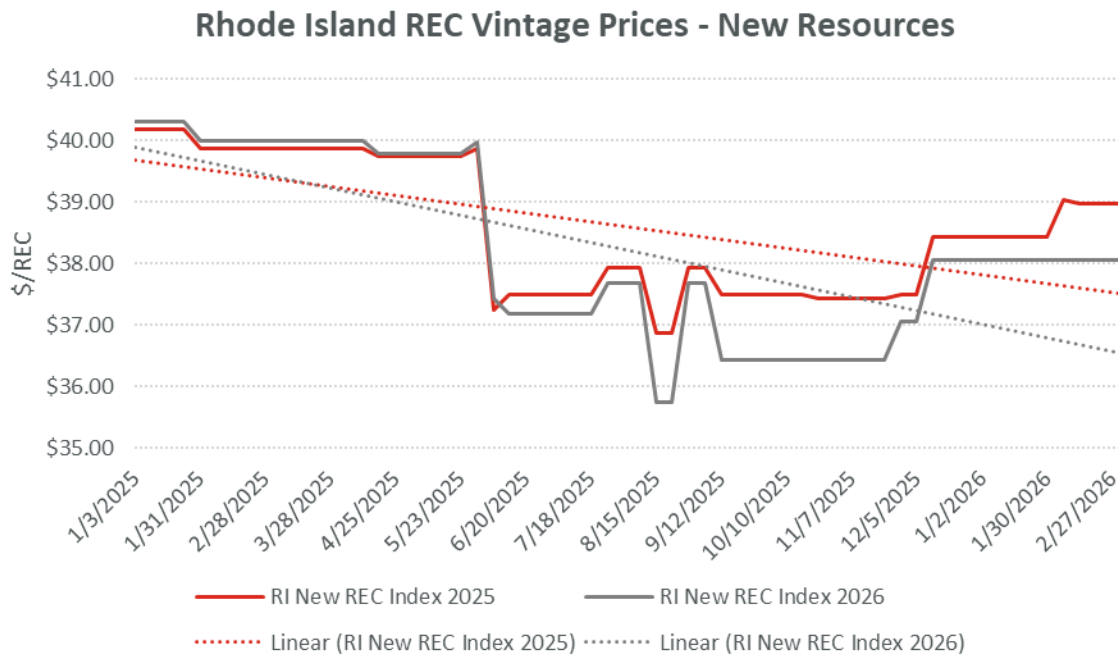


Figure 1: Broker Quotes for RI New RECs²

¹ Based on market pricing and broker quotes that Daymark independently researched. Quotes included brokerage or administrative fees which range from \$3-\$5/REC, bringing the final value of RI Existing RECs to a near-zero figure.

² S&P Global REC Price data – as of 5 March 2026; based upon weekly market-based prices.

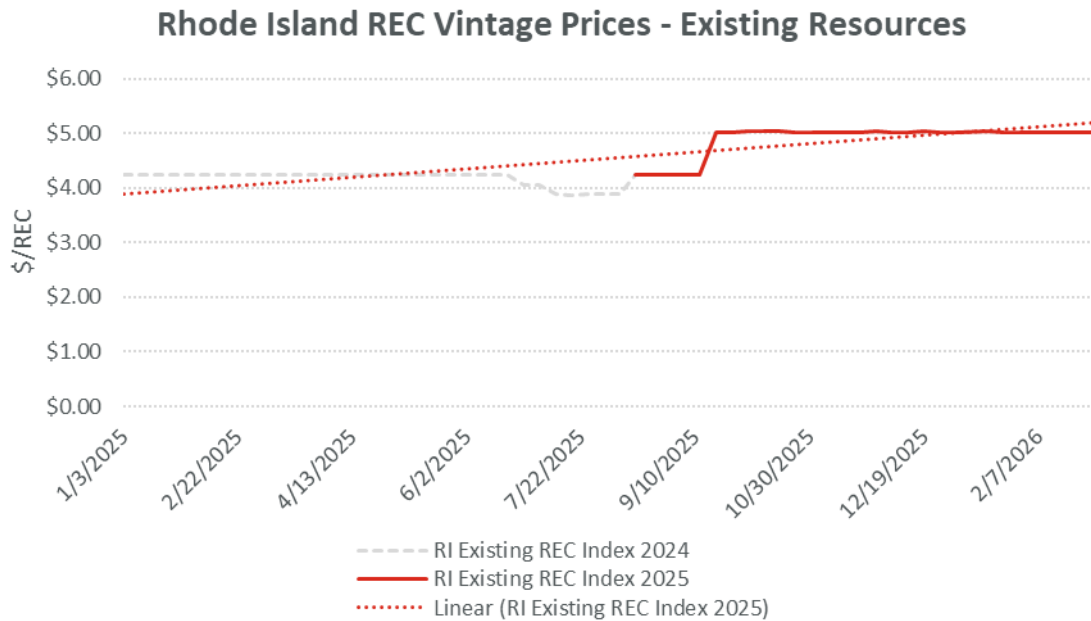


Figure 2: Broker Quotes for RI Existing RECs¹

The proposed charge is based upon the 2026 RES values that require New RECs to be 39% of the supply obligation and Existing RECs to be 2%. Using the above assumptions, Daymark concurs with the Company’s calculation of the \$0.01606 per kWh figure.

COMPONENT #2: RECONCILIATION CHARGE FOR PREVIOUS RES COMPLIANCE

The second component of the proposed 2026 RES Charge, the proposed reconciliation charge, was calculated at 0.056 cents/kWh to adjust for the estimated under-recovery through the 2025 Compliance Year. The Company estimates an under-collected amount of \$2,458,020 for the expense incurred for Compliance Year 2025. The 2025 RES Reconciliation filing by the Company estimated a \$1,785,679 under-collection for Compliance Year 2025; therefore, the year-over-year change from 2025 to 2026 results in an increased under-collection of \$672,341.

Additionally, for Compliance Year 2024, the Company estimated an over-collection of \$691,792, compared to a prior year estimate of a \$928,347 under-collection. Supporting documentation from the Company finds that the 2024 RES Reconciliation filing estimated to actual Ending Balance resulted in a net credit adjustment to the estimate of \$34,733, signifying the estimate was reasonable.² Analysis of the RES Reconciliation through December 31, 2024, finds an ending balance indicative of an over-collection from April 2025 through the forecast period of April 2026. This is driven by the RES Planning Year Reconciliation

¹ S&P Global REC Price data – as of 5 March 2026; based upon weekly market-based prices.

² 26-07-EL Attachment 2, Page 3, Line 18.

Factor approved in Docket 25-05-EL of \$0.00082.¹ This brings the total estimated under-recovery through Compliance Year 2025 to \$1,766,228.² Given the substantial under-recovery, the Company's proposed RES Adder of \$0.00056 appears warranted and supported by facts provided.

Based upon the above discussion, we find the proposed 2026 Renewable Energy Standard (RES) Charge of \$0.01662 per kWh to be reasonable and recommend that it be approved as filed.

¹ Docket 25-05-EL, Attachment 1, Page 1 of 2, Line 9.

² Attachment 2, Page 2, Line 3.