



## STATE OF RHODE ISLAND

### DIVISION OF PUBLIC UTILITIES & CARRIERS

#### Administration

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March 21, 2024

The Honorable Joseph J. Solomon, Jr.  
Chairman – House Committee Corporations  
State House  
Providence, R.I. 02903

Re: **H 7808– Net Metering**

Dear Chairman Solomon:

The Division of Public Utilities and Carriers agrees with and supports this measure's goal of reforming renewable energy system size restrictions and net metering credits. As drafted, we do have significant concerns about cost implications. In that spirit, we look forward to working with the sponsor and committee to discuss ways to address the financial sustainability of the Net Metering solar program and its impact on Rhode Island ratepayers.

To illustrate the Division's concern, in 2023, ratepayers paid \$92,218,200 in **above-market** rates for the electricity produced by all net metering systems. This was a 100% increase from above-market costs of \$46,070,988 in 2022 and a 300% increase in annual above-market costs from 2020.<sup>1</sup> These costs are paid by all other electric ratepayers to the developers/owners of net metering system. In addition to these costs, developers/owners of net metering systems retain the Renewable Energy Credits (RECs) for their own re-sale. Ratepayers do not secure any "benefit" from these RECs unless they are settled in Rhode Island where they can be counted towards the Renewable Energy Standard. None of the solar energy produced by these systems can be considered "clean energy" under the Renewable Energy Standard unless the RECs are retired in Rhode Island.<sup>2</sup>

When net metering was commenced 10 years ago, the cost was \$177,080. The combined 10 years of above-market costs paid by ratepayers is **\$234,174,680**. Coupled with the 10-year cost of the Renewable Energy Growth Program of \$111,151,102 and the 10-year cost of Long-term Contracting of \$345,031,311,

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<sup>1</sup> Please see 10-year Summary of Renewable Energy Costs, attached as Exhibit 1.

<sup>2</sup> Contrast this developer/owner windfall with the requirement that RECs produced in the RE Growth competitively-bid solar program be retired in Rhode Island, resulting in clean energy credits for the Rhode Island ratepayers who pay for this program.

and the 10-year cost of compliance with the Renewable Energy Standard of \$320,540,973 Rhode Island ratepayers have already paid **\$1,010,898,066** in renewable energy program costs. This figure does not take into account the costs of the annual Energy Efficiency programs.<sup>3</sup>

The Division would welcome an opportunity to engage with stakeholders in an effort to carefully examine the net metering program in a comprehensive manner, with a goal of supporting a clean energy future at a just and reasonable rate to Rhode Island ratepayers. We would not be alone in that endeavor. According to the North Carolina Clean Energy Technology Center: “While just a few years ago dramatic changes to net metering policies were being discussed in only a handful of states, in 2023 major reforms were under consideration or already adopted in more than half of U.S. states, including the largest state solar market – California.”<sup>4</sup>

While the Division is highly supportive of a transition to a clean-energy future, in accordance with the Act on Climate, we take this opportunity to remember that this transition must also be financially sustainable and designed to encourage, not discourage, electrification. The Division would welcome the opportunity to assist in providing input related to this bill, as well as all other efforts to comprehensively revise renewable energy programs.

Sincerely,

A handwritten signature in blue ink that reads "Linda George".

Linda George, Esq.  
Administrator, RI Division of Public Utilities and Carriers

CC: The Honorable Representative Brandan Potter  
The Honorable Members of the House Committee on Corporations  
Nicole McCarty, Esq., Chief Legal Counsel

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<sup>3</sup> In 2024 alone, the cost for the electric energy efficiency program is \$95.2 million and the cost for the gas energy efficiency program is \$34 million.

<sup>4</sup> North Carolina Clean Energy Technology Center; “50 State of Solar Annual Report, 2023 at 7.”

**Narragansett Electric  
Renewable Energy Program Costs to Ratepayers**

Year	12-Mths ending 3/31 RE Growth	Calendar Year LT Contracting	Calendar Year Net Metering	Estimated RES Compliance Cost	Total Annual Cost	Cummulative Total
2014	-	\$8,168,573	\$177,080	\$27,031,988	\$35,377,641	\$35,377,641
2015	-	\$11,601,804	\$551,915	\$23,318,233	\$35,471,952	\$70,849,593
2016	\$939,593	\$19,864,422	\$1,713,779	\$17,089,331	\$39,607,125	\$110,456,718
2017	\$2,281,826	\$43,496,658	\$3,149,512	\$10,674,301	\$59,602,297	\$170,059,014
2018	\$8,300,087	\$45,004,232	\$4,880,540	\$7,080,933	\$65,265,792	\$235,324,807
2019	\$12,930,003	\$59,027,877	\$18,822,783	\$29,561,113	\$120,341,776	\$355,666,583
2020	\$19,859,864	\$51,618,270	\$30,557,074	\$43,075,461	\$145,110,669	\$500,777,252
2021	\$21,045,299	\$34,046,358	\$36,032,809	\$47,129,663	\$138,254,129	\$639,031,381
2022	\$21,689,974	\$22,715,047	\$46,070,988	\$52,174,080	\$142,650,089	\$781,681,470
2023	\$24,104,456	\$49,488,070	\$92,218,200	\$63,405,870	\$229,216,596	\$1,010,898,066
<b>Totals</b>	<b>\$111,151,102</b>	<b>\$345,031,311</b>	<b>\$234,174,680</b>	<b>\$320,540,973</b>	<b>\$1,010,898,066</b>	

Programs Costs represent the difference between contract or tariff payments for renewable energy, plus administrative costs and remuneration (where applicable), less revenues from the sales of market products (capacity, energy, and renewable energy credits).