

March 21, 2024

The Honorable Joseph J. Solomon, Jr.
Chairman, House Corporations Committee
Rhode Island State House
Providence, Rhode Island 02908

RE: H-7808 – Relating to Public Utilities & Carriers – Net Metering

Dear Chairman Solomon:

On behalf of Rhode Island Energy, I write regarding H-7808, pertaining to the state’s net metering statute. We thank Representative Potter for his leadership on this issue.

Rhode Island Energy remains deeply concerned about the significant (and growing) cost impacts this and other clean energy mandates are having on customer utility bills and overall energy affordability. However, we acknowledge the desire by state lawmakers and others to establish a pathway for local homeowners to size their net metering systems in a manner that may offset future on-site load growth (e.g., from the adoption of electric vehicles at home). It is our intent to help identify a compromise approach for this session that achieves this goal, while ensuring that “guardrails” remain in place to temper cost increases borne by non-participating electric customers.

Rhode Island Energy respectfully asks the Committee to consider amending H-7808 to reflect the following:

- remove the three-year average annual consumption sizing restriction and the cap on production of excess net metering credits for systems < 25 kW, thereby allowing homeowners to size their net metered systems to meet future load growth; and
- set the rate paid for all excess net metering credits to a periodically calculated wholesale rate reflecting Rhode Island load zone prices; and
- strike the provision pertaining to “credit determinations...by April 1” in recognition of recent regulatory orders requiring Rhode Island Energy to annually reconcile by June 15.¹

Importantly, H-7808 (even with adoption of these proposed amendments) *does not alleviate the need for other net metering reform. Net metering will continue to regressively shift energy system costs from the “have’s” to the “have not’s,” leaving a shrinking pool of customers to pay for grid infrastructure.* For that reason, Rhode Island Energy will continue to work with policymakers, regulators, and others to explore opportunities for more equitable and cost-efficient outcomes.

Pursuant to the General Laws, **net metering program costs are passed through to electric distribution customers – with no utility “mark-up” or profit – and those costs are escalating rapidly.** In 2023, net metering program costs exceeded \$92 million, having doubled year-over-

¹ Page 10, lines 18-19.

year and tripled since 2020. This coming year, for a “typical” residential electric customer (500 kWh), the anticipated bill impact from this one program is more than \$6 per month. And, because net metering compensates at the full retail rate, unchecked program growth and expansion is leading to a shrinking pool of customers paying for distribution and transmission infrastructure vital to grid reliability and achievement of Act on Climate goals. The effect is one of shifting system costs from one set of energy customers to another, including low- and moderate-income and other vulnerable customers.

Despite these concerns, Rhode Island Energy acknowledges that some customers wish to size their net metering systems in a way that helps offset anticipated load growth from electrification. Although our company already allows for that opportunity on a case-by-case basis today, the existing net metering statute does require systems to be sized based on a three-year average of annual energy consumption. This restriction can frustrate customers looking to adopt renewables while also accounting for planned investment in electric vehicles or alternative heating solutions. The lifting of those provisions absent other changes, however, would lead to further escalation in program costs for non-participating customers.

The combination of amendments described above would allow homeowners to size their net metered systems in a manner that accounts for anticipated load growth and on-site demand, while preserving important “guardrails” that will temper increases in program costs ultimately borne by non-participating customers. Striking this balance is important – at least until a point in time when other reforms can be implemented to ensure more equitable distribution of system costs across net metered and non-net metered customers alike. Importantly, prospective renewable customers looking to maximize both clean energy production and compensation at their property will continue to have a pathway to do so, through the Renewable Energy Growth (REG) Program.²

Rhode Island Energy looks forward to continued dialogue with the Committee on net metering and other clean energy programs, with an eye toward improving affordability, strengthening system reliability, and fostering more equitable outcomes.

Thank you for the opportunity to comment on this proposed legislation.

Respectfully,



Nicholas S. Ucci
Director of Government Affairs

CC: The Honorable Members of the House Corporations Committee

² Note that the REG program is also paid for by electric customers, with costs now exceeding \$32M annually. In the coming year, a residential customer using 500 kWh per month will pay \$4.21/mth. (inc. gross earnings tax) to support this initiative.