

RI House Corporations Committee
Rhode Island State House
82 Smith Street
Providence, RI 02903

April 2, 2025

RE: H6085 AN ACT RELATING TO PUBLIC UTILITIES AND CARRIERS -- NET METERING

Members of the House Corporations Committee:

I write to supplement our testimony regarding issues raised in opposition and at hearing and to further support passage of H6085. It is hard to address all relevant details and complexities in hearing testimony, so I hope to clarify my positions.

i. On the Cost of Net Metering

RI Energy, the DPUC and the PUC oppose on the basis of the cost of net metering to ratepayers. As their indicia of cost, they compare the rate paid to net metered customers to what RIE would be paid to sell electricity on the wholesale market. They all know very well that their testimony is wholly inconsistent with the test the PUC ordered us to apply in valuing the costs and benefits of energy rates and decisions. In docket 4600, after 15 months of stakeholder proceedings coordinated by an expert consulting firm, RAAB Associates, Ltd., and including Narragansett Electric (now dba RIE) and Handy Law, unanimously endorsed this final report - https://ripuc.ri.gov/sites/g/files/xkgbur841/files/eventsactions/docket/4600-WGReport_4-5-17.pdf. The report identified 20 impacts to the transmission and distribution system - that driver 60% of our electric bill. They include: energy supply and transmission operating value of energy provided or saved; forward commitment: capacity value; electric transmission capacity costs/value; net risks/benefits to utility system operation (e.g., adaptability, diversification & reliability); energy demand reduction induced price effect; greenhouse gas compliance costs; distribution delivery costs; distribution system performance; and distribution system and customer reliability/resilience impacts. None of those elements are contemplated or considered in RIE and the regulators' testimony on the cost of net metering.

Yet, forward commitment and capacity value is clearly an important consideration. Determining how much energy will need to be secured and how much RIE should pay for commitments involves complex projections affected by a wide range of variables, including how energy efficiency and renewables will reduce the need for regionally committed supply and the cost of capacity payments across our region. Electric transmission capacity costs/value is related. If our regional system operator must rely on large-scale regional supply sources, it must authorize expensive investments in transmission infrastructure. Private investment in local renewables can avoid the need for transmission and those system investments. RIE and its regulators know all of this, but if you would like to understand it better, we organized to an excellent presentation to the General Assembly on it that we invite you all to watch here - <https://capitoltvri.cablecast.tv/show/965?site=1>. Narragansett Electric Co. (dba RIE) and its regulators were in the audience that day.

The last comprehensive value analysis that was conducted for renewable energy in RI was done by the Acadia Center.

See <https://acadiacenter.org/what-is-the-value-of-solar-power-in-rhode-island-a-new-study/>

It concludes that the value of distributed solar exceeds the retail rate of electricity. RIE and its regulators know about that study. The net metering rate is below the retail rate. Fundamentally, net metering is so valuable precisely because it allows customers to self-produce clean electricity at a cost that is below the rate RIE collects for its energy services. In that way, net metering has already greatly and directly

benefitted many, many RI customers, including especially our municipalities and nonprofits. RIE and its regulators are well aware of Energy 2035, our state energy plan, that fully documented why business as usual will produce our most costly energy future. Nevertheless, on this bill, they continue to claim cost without conducting any actual valuation analysis.

Across North America smart leaders are reworking their energy supplies. Instead of doubling down on more unaffordable infrastructure, they are using flexible resources like managed demand, efficiency, local generation and energy storage to attack high peak energy costs while improving energy security. They call this “virtual power plants” (VPPs). The North American Electric Reliability Corporation’s 2024 *Summer Reliability Assessment*, found that seven areas of North America’s electric grid are at great risk of supply shortfalls, including parts of Texas, the Midcontinent Independent System Operator territory, and New England. The US Department of Energy counted more than 500 VPPs in North America with up to 60 gigawatts of total capacity as of 2023. DOE expects that VPPs could scale up to 160 gigawatts and serve almost twenty percent of the projected 802 gigawatts of U.S. peak load, reducing power system costs by \$10 billion annually. The aggregate distributed energy resources, or ADER, pilot in the Electric Reliability Council of Texas wholesale market launched in 2022 with starting capacity of 80 megawatts. Based on its success, ERCOT just expanded it substantially in December. The California Public Utility Commission’s Demand Side Grid Support VPP, launched in 2022 as an emergency reliability program, achieved 142 megawatts of committed capacity within a year. The Ontario Independent Electricity System Operator’s Save on Energy Peak Perks program enrolled over 100,000 homes within six months last year, delivering 134 megawatts of load response in a single hour last summer. A Colorado law passed earlier this year requires its largest electric utility to develop a performance-based VPP pilot and a plan for distribution system enhancements by early next year. When allowed visibility into the demands and constraints of our energy system, smart people can run VPPs to meet our energy challenges much more cost effectively. Once planners are empowered to transform systemically, they can avoid costs at great scale, outcompeting conventional infrastructure investments.

It's understandable why RIE, beholden to its own shareholder profit, would seek to maintain its interest in business as usual by misrepresenting the cost and undermining the cost saving potential of renewable energy. After all, the Transforming the Power Sector report produced by the State of Rhode Island, and led by the RI DPUC (our State’s “ratepayer advocate”), recognized “a ‘capital bias’ on the utility to deploy capital-intensive solutions. This occurs because the primary financial means through which the utility can grow its business and enhance earnings for shareholders is to invest in capital projects. This bias, created by the regulatory framework rather than by the utility itself, discourages the utility from seeking more efficient solutions that do not depend on large capital investments.” *Transforming the Power Sector Phase 1 Report* (Nov. 2017 - https://ripuc.ri.gov/sites/g/files/xkgbur841/files/utilityinfo/electric/PST-Report_Nov_8.pdf), at pp. 13-14, 16. Once the private sector is properly empowered to leverage all our local energy tools, it will use our own access to distributed energy resources to self-supply our energy needs at a much lower cost than the ever-increasing cost of service provided by RIE. When we do that, RIE will finally acknowledge and accept that it is not entitled to all the inflating compensation it receives to manage our electrical system. That will be a very good day for RI, even if not for RIE.

On the other hand, it makes no sense that our regulators would misconstrue the cost of net metering. The Act on Climate requires state agencies to do what they can to help implement your Act on Climate. For state agencies to oppose paying the full net metering rate for solar parking canopies on the basis of a misrepresentation of the cost of net metering to ratepayers is absolutely inconsistent with their obligation to Act on Climate. R.I. Gen. Laws § 42-6.2-8.¹ We all need and should expect much better of them.

¹ Unfortunately for our State and our climate, claims to enforce the Act on Climate cannot be brought until 2026. R.I. Gen. Laws § 42-6.2-10(c)

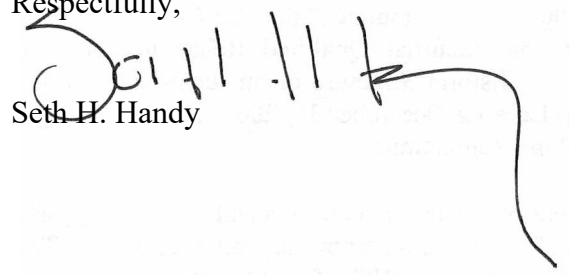
ii. *Scope of the Proposed Amendments*

At hearing, Rep. Newbury asked about the scope of the amendments. I understood his question to be about the impact relative to the new net metering cap and rate reduction for “ground mounted” solar projects serving remote net metering customers. With that understanding of his question, I responded yes, meaning to confirm that the amendments would simply clarify that the term “ground mounted” was not meant to apply to elevated carport projects which, therefore, should not be subject to the cap or the rate reduction.

On more reflection, I’m unsure whether Rep. Newbury’s question was also meant to be addressed to the scope of solar projects that would be impacted by the amendment. In that regard, the amendment speaks for itself in applying to systems installed on a “preferred site, or mounted on a raised structure such that substantially all of the ground beneath the eligible net-metering system can be used for other purposes, such as, but not limited to, parking, pedestrian access, recreation or agricultural uses.” If the representative meant to inquire about what scope of projects the amendments apply to, I may have misunderstood his question. I am available to discuss that with him or any committee member.

Local generation of clean electricity is the way for RI to take control of our energy future, especially when combined with other strategies like storage, time of use rates and scaled energy efficiency. Please pass H6085.

Respectfully,


Seth H. Handy