

Via Electronic Mail

May 14, 2024

Representative Marvin L. Abney
Chair, House Finance Committee
Rhode Island General Assembly
Providence, RI 02903

RE: NECEC Support for House Bill 8032: Sales and Use Taxes

Dear Chair Abney and Committee Members,

The Northeast Clean Energy Council (“NECEC”) writes in support of Bill H8032. This bill is an opportunity for Rhode Island to encourage economic development for energy storage systems (“ESS”), a necessary segment of the clean energy industry, which will increase grid resilience and bring Rhode Island closer to its renewable and clean energy commitments.

NECEC leads the just, equitable, and rapid transition to a clean energy future and a diverse climate economy. It is the only organization in the Northeast that represents the perspectives of all clean energy market segments, including—but not limited to—clean transportation, wind, solar, energy storage, and microgrids. We are dedicated to growing the clean energy economy in Rhode Island and across the region, in pursuit of our mission to create a world-class, equitable clean energy hub in the Northeast.

NECEC supports Bill H8032 because energy storage is a necessary complementary technology with a multitude of benefits:

1. It can make electricity generated by intermittent renewables more readily available on demand.
2. It can reduce the need to fire up peaker power plants—which are some of the most expensive and most polluting sources of energy, despite being used only in times of the highest demand.
3. It can also reduce transmission and distribution costs, help manage congestion, and provide grid resiliency, backup power and grid stabilization, all of which create a better customer experience.

We encourage the legislature to make a slight revision to the bill by expanding its tax exemption to *all* energy storage systems. The bill could remove the requirement that storage system equipment be “supplied by a manufacturer of solar photovoltaic equipment, ” which would open the exemption to a wider set of storage suppliers, including companies that specialize in utility-scale ESS equipment.

This expansion could provide immense benefits to the electric grid and customers.

Deploying more utility-scale storage could serve the grid at a larger scale, supporting grid operations and providing more renewable energy in times of highest demand.¹ For example, in California, ESS systems significantly lowered the need for natural gas during evening peak demand hours in April, while in Texas they are credited with protecting the grid from multiple blackout events during extreme heat last summer.

When the sun sets and the wind is not blowing, we are still deeply dependent on fossil fuel facilities across the state. These non-producing hours will have to be supplemented by the release of excess energy from energy storage systems to reach a truly 100% renewable, fossil-fuel free grid in Rhode Island.

NECEC is grateful for the sponsors' commitment to the development of energy storage systems in Rhode Island, and stands ready to work with you and state administrators to develop the right legislation and programs that will strengthen the local economy and the state's ability to reach its climate goals.

On behalf of our members, thank you for your consideration.

Sincerely,



Oliwia D. Krupinska
Policy and Regulatory Analyst
Northeast Clean Energy Council
okrupinska@necec.org

¹ See "Giant Batteries Are Transforming the Way the U.S. Uses Electricity". New York Times. May 7, 2024.

<https://www.nytimes.com/interactive/2024/05/07/climate/battery-electricity-solar-california-texas.html>