



OFFICE OF MANAGEMENT & BUDGET


State Budget Office

One Capitol Hill
Providence, RI 02908-5890

Office: (401) 222-6300

MEMORANDUM

To: The Honorable Marvin L. Abney, Chairman, House Finance Committee
The Honorable Louis P. DiPalma, Chairman, Senate Finance Committee

From: Joseph Codega Jr., Budget Officer 

Date: April 29, 2026

Subject: Amendments to FY 2027 Appropriations Act (26-H-7127)

Governor's Budget Amendment #7

The amendment modifies two policy proposals included in Article 11 of the Governor's FY 2027 budget recommendation related to affordability: (1) reforms to the virtual net metering program, and (2) proposed modifications to the Renewable Energy Standard.

Summary of Legislative Amendments – Virtual Net Metering (VNM)

Amendments to Article 11, Section 10, establish a voluntary, one-time, irrevocable election allowing eligible net-metering systems to opt in – on or before the later of ninety (90) days after the commission approves a tariff pursuant to this section, or sixty (60) days after execution of an interconnection agreement – to a fixed renewable net-metering credit rate of nineteen cents (\$0.19) per kilowatt-hour (kWh). The fixed credit rate shall increase by 2.75% on a compound annual basis beginning January 1, 2028, and on January 1 of each year thereafter, and shall apply for a term of 25 years from the date of election.

The section requires the electric distribution company to file, no later than August 15, 2026, a tariff with the Public Utilities Commission (PUC) to implement the fixed credit structure, including the rights and obligations of participating projects and the conditions governing payment of credits, and requires the PUC to approve such tariff no later than December 1, 2026. It further provides that the PUC shall determine the final terms and conditions of the tariff and retain exclusive jurisdiction over its administration, enforcement, and implementation.

It also establishes legislative intent that the tariff provide a stable and predictable revenue stream sufficient to support project financing, and prohibits any modification of tariff terms, including reduction of the credit rate, in a manner that would undermine such reliance during the 25-year term for projects that elect the tariff.

Finally, amendments to Section 10 also reduce the maximum aggregate capacity of remote net metering allowable for ground-mounted eligible net-metering systems from 275 megawatts (MW) to 125 MW.

Summary of Legislative Amendments – Renewable Energy Standard (RES)

Amendments to Article 11, Sections 7 and 8, modify the existing recommendation to expand eligible resources under the RES to include nuclear and large-scale hydropower and clarifies that approach by establishing these resources as a separate Clean Energy Standard (CES). Creating a distinct CES component improves implementation clarity and aligns Rhode Island's framework with regional practice, rather than embedding these resources within the existing eligibility provisions of current law as originally proposed.

Under GBA 7, Section 7 establishes a complementary CES framework alongside the existing RES and makes conforming updates across Chapter 39-26. A new Section 39-26-4.1 creates a standalone CES beginning in 2027, ramping to 25% by 2036, with an independent compliance obligation from the RES and flexibility to allow for least-cost implementation. A new Section 39-26-5.1 defines eligible clean energy resources as nuclear generation and large-scale hydropower, and sets parameters for resource eligibility, delivery into NEPOOL, and certificate tracking.

Section 8 updates statutory findings in Section 39-26-1 to incorporate both renewable and clean energy as part of the state's energy strategy, with an emphasis on affordability, reliability, and emissions reduction. Section 39-26-2 is revised to establish separate alternative compliance payment (ACP) levels for renewable and clean energy obligations, maintaining existing funding flows to the Renewable Energy Development Fund while differentiating compliance costs.

In addition, Section 39-26-4 revises the renewable schedule by holding near-term requirements flat and extending the trajectory to 75% by 2050, while maintaining limits on the contribution of existing resources. Section 39-26-6 expands the authority of the PUC to oversee both renewable and clean energy programs, including certification, compliance, and cost recovery responsibilities. Section 39-26-7 preserves the existing fund structure and eligible uses and directs that 50% of ACP revenues be allocated to residential ratepayer bill credits beginning in 2027.

Revised Ratepayer Impact Projections

With the adjustments reflected in GBA 7, the table below shows the updated ratepayer savings associated with the Governor’s total ratepayer relief component of Article 11. These revisions do not change the overall impact over the next five years, as the plan continues to deliver approximately \$1.02 billion in ratepayer savings during that period.

Recommended Action*	2027 Ratepayer Savings (\$, millions)	2027 - 2031 Ratepayer Savings (\$, millions)
Renewable Energy Standard Reform	\$53,419,873	\$528,284,713
Reducing Net Metering Costs	\$25,272,982	\$257,439,947
Renewing and Capping Energy Efficiency Program	\$21,000,000	\$105,000,000
Capitalizing Paving Expenses	\$16,000,000	\$60,000,000
Reduce EE Infrastructure Bank Allocation	\$2,500,000	\$12,300,000
Eliminating the long-term contracting performance incentive	\$2,460,000	\$12,300,000
Require RIE to be part of the RTO	\$175,000	\$875,000
Sum of Proposals	\$120,827,856	\$976,399,660
Gross Earnings Tax Savings	\$4,833,114	\$39,055,986
Total Ratepayer Cost Reduction	\$125,660,970	\$1,015,455,646

**Highlighted actions reflect updates from GBA 7*

If you have any questions regarding these amendments, please contact Reily Connaughton, Senior Advisor to the Governor, at reily.s.connaughton@governor.ri.gov.

cc: Sharon Reynolds Ferland, House Fiscal Advisor
 Stephen Whitney, Senate Fiscal Advisor
 Thomas Verdi, Acting Director of Administration
 Brian Daniels, Director, Office of Management and Budget

1 SECTION 7. Chapter 39-26 entitled “Renewable Energy Standard” is hereby amended by
2 adding thereto the following sections:

3 **39-26-4.1. Clean energy standard.**

4 (a) Starting in compliance year 2027, all obligated entities shall obtain, in addition to the
5 requirements of § 39-26-4, a minimum percentage of the electricity they sell at retail to Rhode Island
6 end-use customers, adjusted for electric line losses, from eligible clean energy resources as defined in §
7 39-26-5.1, according to the following schedule:

8 (1) At least three percent (3%) of retail electricity sales in compliance year 2027;

9 (2) An additional one percent (1%) of retail electricity sales in compliance year 2028;

10 (3) An additional two percent (2%) of retail electricity sales in each of the following compliance
11 years 2029 and 2030;

12 (4) An additional three percent (3%) of retail electricity sales in each of the following
13 compliance years 2031, 2032, 2033, 2034, and 2035;

14 (5) An additional two percent (2%) of retail electricity sales in compliance year 2036 to achieve
15 the goal that twenty-five percent (25%) of Rhode Island’s electricity demand is from clean energy
16 resources each year.

17 (b) Compliance with this section shall be demonstrated separately from compliance with the
18 renewable energy standard established in § 39-26-4.

19 (c) To the extent consistent with the requirements of this chapter, compliance with the clean
20 energy standard may be demonstrated through procurement of NE-GIS certificates relating to generation
21 units certified by the commission as eligible clean energy resources, as evidenced by reports issued by
22 the NE-GIS administrator.

23 (d) In lieu of providing NE-GIS certificates pursuant to subsection (e), an obligated entity may
24 discharge all or any portion of its clean energy standard obligation by making the clean energy
25 alternative compliance payment established in § 39-26-2.

26 (e) The commission shall promulgate rules and regulations necessary to implement the clean

1 energy standard, including certification, tracking, and compliance mechanisms. The commission may,
2 in any compliance year and based on a documented determination that doing so results in the least-cost
3 means of compliance, considering total system costs, impacts on ratepayers, and system reliability,
4 permit an obligated entity to satisfy its clean energy standard obligations, in whole or in part, through
5 eligible renewable energy resources.

6 **39-26-5.1. Clean energy resources.**

7 (a) Clean energy resources are:

8 (1) Nuclear energy resources, meaning electricity generated by a nuclear fission or nuclear
9 fusion facility that is licensed by the United States Nuclear Regulatory Commission or its successor, and
10 that produces no direct emissions of greenhouse gases or criteria air pollutants at the point of generation.

11 (2) Large-scale hydroelectric facilities, meaning hydroelectric generation units that are not
12 “small hydro facilities” as defined in § 39-26-2, that generate electricity through the conversion of the
13 energy of flowing or falling water and that produce no direct emissions of greenhouse gases or criteria
14 air pollutants at the point of generation.

15 (b) For the purposes of the regulations promulgated under this chapter, eligible clean energy
16 resources are generation units in the NEPOOL control area using clean energy resources as defined in
17 this section, without regard to the date of initial commercial operation of the generation unit or the
18 vintage year of the associated generation attributes.

19 (c) A generation unit located in an adjacent control area outside of the NEPOOL may qualify as
20 an eligible clean energy resource, but the associated generation attributes shall be applied to any clean
21 energy standard established under this chapter only to the extent that the energy produced by the
22 generation unit is actually delivered into NEPOOL for consumption by New England customers. The
23 delivery of the energy from the generation unit into NEPOOL must be demonstrated by:

24 (1) Confirmation from ISO-New England that the clean energy was actually settled in the
25 NEPOOL system; and

26 (2) Confirmation through the North American Electric Reliability Corporation tagging system,

1 or its successor, that the import of the energy into NEPOOL actually occurred; or

2 (3) Any such other requirements as the commission deems appropriate.

3 SECTION 8. Sections 39-26-1, 39-26-2, 39-26-3, 39-26-4, 39-26-6, and 39-26-7 of the General
4 Laws in Chapter 39-2 entitled "Renewable Energy Standard" are hereby amended to read as follows:

5 **39-26-1. Legislative findings.**

6 The General Assembly finds that:

7 (1) The people and energy users of Rhode Island have an interest in having electricity supplied
8 in the state come from a diversity of energy sources including renewable and clean resources;

9 (2) Increased use of renewable and clean energy may have the potential to lower and stabilize
10 future energy costs;

11 (3) Increased use of renewable and clean energy can reduce air pollutants, including carbon
12 dioxide emissions, that adversely affect public health and contribute to global warming;

13 (4) Massachusetts, Connecticut, and other states have established renewable energy standard
14 and clean energy standard programs to encourage the development of renewable and clean energy
15 sources;

16 (5) It is in the interest of the people, in order to protect public health and the environment and
17 to promote the general welfare, to establish a renewable energy standard program and clean energy
18 standard program to increase levels of electrical energy supplied in the state from renewable and clean
19 resources.

20 **39-26-2. Definitions.**

21 When used in this chapter:

22 ~~(1) "Alternative compliance payment" means a payment to the renewable energy development~~
23 ~~fund of fifty dollars (\$50.00) per megawatt hour of renewable energy obligation, in 2003 dollars,~~
24 ~~adjusted annually up or down by the consumer price index, which may be made in lieu of standard~~
25 ~~means of compliance with this statute.~~

26 (1) "Alternative compliance payment" means a payment made in lieu standard means of

1 compliance with this statute, as follows:

2 (i) For the renewable energy obligation, an alternative compliance payment of fifty dollars
3 (\$50.00) per megawatt-hour.

4 (ii) For the clean energy obligation, an alternative compliance payment of twelve dollars
5 (\$12.00) per megawatt-hour; provided, however, that for the 2030 compliance year, the alternative
6 compliance payment shall be twenty-five dollars (\$25.00) per megawatt-hour.

7 (iii) All such payments shall be deposited into the renewable energy development fund and
8 distributed in accordance with § 39-26-7(10).

9 (2) “Commission” means the Rhode Island public utilities commission.

10 (3) “Compliance year” means a calendar year beginning January 1 and ending December 31,
11 for which an obligated entity must demonstrate that it has met the requirements of this statute.

12 (4) “Customer-sited generation facility” means a generation unit that is interconnected on the
13 end-use customer’s side of the retail electricity meter in such a manner that it displaces all or part of the
14 metered consumption of the end-use customer.

15 (5) “Electrical energy product” means an electrical energy offering, including, but not limited
16 to, last-resort and standard-offer service, that can be distinguished by its generation attributes or other
17 characteristics, and that is offered for sale by an obligated entity to end-use customers.

18 (6) “Eligible biomass fuel” means fuel sources including brush, stumps, lumber ends and
19 trimmings, wood pallets, bark, wood chips, shavings, slash, and other clean wood that is not mixed with
20 other solid wastes; agricultural waste, food, and vegetative material; energy crops; landfill methane;
21 biogas; or neat biodiesel and other neat liquid fuels that are derived from such fuel sources.

22 (7) “Eligible renewable energy resource” means resources as defined in § 39-26-5.

23 (8) “Eligible clean energy resource” means resources as defined in § 39-26-5.1.

24 ~~(8)~~ (9) “End-use customer” means a person or entity in Rhode Island that purchases electrical
25 energy at retail from an obligated entity.

26 ~~(9)~~ (10) “Existing renewable energy resources” means generation units using eligible renewable

1 energy resources and first going into commercial operation before December 31, 1997.

2 ~~(40)~~ (11) “Generation attributes” means the nonprice characteristics of the electrical energy
3 output of a generation unit including, but not limited to, the unit’s fuel type, emissions, vintage, and
4 policy eligibility.

5 ~~(41)~~ (12) “Generation unit” means a facility that converts a fuel or an energy resource into
6 electrical energy.

7 ~~(42)~~ (13) “High-heat medical waste processing facility” means a facility that:

8 (i) Generates electricity from the combustion, gasification, or pyrolysis of regulated medical
9 waste;

10 (ii) Generates electricity from the combustion of fuel derived from the gasification or pyrolysis
11 of regulated medical waste; or

12 (iii) Disposes of, processes, or treats regulated medical waste through combustion, gasification,
13 pyrolysis, or any process that exposes waste to temperatures above four hundred degrees Fahrenheit
14 (400°F).

15 ~~(43)~~ (14) “NE-GIS” means the generation information system operated by NEPOOL, its
16 designee or successor entity, that includes a generation information database and certificate system, and
17 that accounts for the generation attributes of electrical energy consumed within NEPOOL.

18 ~~(44)~~ (15) “NE-GIS certificate” means an electronic record produced by the NE-GIS that
19 identifies the relevant generation attributes of each megawatt-hour accounted for in the NE-GIS.

20 ~~(45)~~ (16) “NEPOOL” means the New England Power Pool or its successor.

21 ~~(46)~~ (17) “New renewable energy resources” means generation units using eligible renewable
22 energy resources and first going into commercial operation after December 31, 1997; or the incremental
23 output of generation units using eligible renewable energy resources that have demonstrably increased
24 generation in excess of ten percent (10%) using eligible renewable energy resources through capital
25 investments made after December 31, 1997; but in no case involve any new impoundment or diversion
26 of water with an average salinity of twenty (20) parts per thousand or less.

1 ~~(17)~~ (18) “Obligated entity” means a person or entity who or that sells electrical energy to end-
2 use customers in Rhode Island, including, but not limited to: nonregulated power producers and electric
3 utility distribution companies, as defined in § 39-1-2, supplying standard-offer service, last-resort
4 service, or any successor service to end-use customers, including Narragansett Electric, but not to
5 include Block Island Power Company as described in § 39-26-7 or Pascoag Utility District.

6 ~~(18)~~ (19) “Off-grid generation facility” means a generation unit that is not connected to a utility
7 transmission or distribution system.

8 ~~(19)~~ (20) “Renewable energy resource” means any one or more of the renewable energy
9 resources described in § 39-26-5(a).

10 ~~(20)~~ (21) “Reserved certificate” means a NE-GIS certificate sold independent of a transaction
11 involving electrical energy, pursuant to Rule 3.4 or a successor rule of the operating rules of the NE-
12 GIS.

13 ~~(21)~~ (22) “Reserved certificate account” means a specially designated account established by an
14 obligated entity, pursuant to Rule 3.4 or a successor rule of the operating rules of the NE-GIS, for transfer
15 and retirement of reserved certificates from the NE-GIS.

16 ~~(22)~~ (23) “Self-generator” means an end-use customer in Rhode Island that displaces all or part
17 of its retail electricity consumption, as metered by the distribution utility to which it interconnects,
18 through the use of a customer-sited generation facility, and the ownership of any such facility shall not
19 be considered an obligated entity as a result of any such ownership arrangement.

20 ~~(23)~~ (24) “Small hydro facility” means a facility employing one or more hydroelectric turbine
21 generators and with an aggregate capacity not exceeding thirty megawatts (30 MW). For purposes of
22 this definition, “facility” shall be defined in a manner consistent with Title 18 of the Code of Federal
23 Regulations, section 292.204; provided, however, that the size of the facility is limited to thirty
24 megawatts (30 MW), rather than eighty megawatts (80 MW).

25 **39-26-3. Purposes.**

26 The purposes of this chapter are to define renewable and clean energy resources and to facilitate

1 the development of new renewable and clean energy resources to supply electricity to customers in
2 Rhode Island with goals of stabilizing long-term energy prices, enhancing environmental quality, and
3 creating jobs in Rhode Island in the renewable and clean energy ~~sector~~ sectors.

4 **39-26-4. Renewable energy standard.**

5 (a) Starting in compliance year 2007, all obligated entities shall obtain at least three percent
6 (3%) of the electricity they sell at retail to Rhode Island end-use customers, adjusted for electric line
7 losses, from eligible renewable energy resources, escalating, according to the following schedule:

8 (1) At least three percent (3%) of retail electricity sales in compliance year 2007;

9 (2) An additional one-half of one percent (0.5%) of retail electricity sales in each of the
10 following compliance years 2008, 2009, 2010;

11 (3) An additional one percent (1%) of retail electricity sales in each of the following compliance
12 years 2011, 2012, 2013, 2014, provided that the commission has determined the adequacy, or potential
13 adequacy, of renewable energy supplies to meet these percentage requirements;

14 (4) An additional one and one-half percent (1.5%) of retail electricity sales in each of the
15 following compliance years 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022;

16 (5) [Deleted by P.L. 2016, ch. 144, § 1 and P.L. 2016, ch. 155, § 1.]

17 (6) An additional four percent (4%) of retail electricity sales in 2023;

18 (7) An additional five percent (5%) of retail electricity sales in 2024;

19 (8) An additional six percent (6%) of retail electricity sales in 2025;

20 ~~(9) An additional seven percent (7%) of retail electricity sales in 2026 and 2027;~~

21 ~~(10) An additional seven and one half percent (7.5%) of retail electricity sales in 2028;~~

22 ~~(11) An additional eight percent (8%) of retail electricity sales in 2029;~~

23 ~~(12) An additional eight and one half percent (8.5%) of retail electricity sales in 2030;~~

24 ~~(13) An additional nine percent (9%) of retail electricity sales in 2031; and~~

25 ~~(14) An additional nine and one half percent (9.5%) of retail electricity sales in 2032 and 2033~~

26 ~~to achieve the goal that one hundred percent (100%) of Rhode Island's electricity demand is from~~

1 ~~renewable energy by 2033 and each year thereafter.~~

2 (9) Starting in compliance year 2026, all obligated entities shall obtain at least thirty-four
3 percent (34%) of the electricity they sell at retail to Rhode Island end-use customers, adjusted for electric
4 line losses, from eligible renewable energy.

5 (10) Starting in compliance year 2027, all obligated entities shall obtain at least thirty-one
6 percent (31%) of the electricity they sell at retail to Rhode Island end-use customers, adjusted for electric
7 line losses, from eligible renewable energy, which requirement shall remain at thirty-one percent (31%)
8 for each compliance year through 2031, inclusive, and thereafter shall increase according to the
9 following schedule:

10 (11) An additional two percent (2%) of retail electricity sales in each of compliance years 2032,
11 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043 and 2044;

12 (12) An additional three percent (3%) of retail electricity sales in each of compliance years 2045,
13 2046, 2047, 2048, 2049, and 2050 to achieve the goal that seventy-five percent (75%) of Rhode Island's
14 electricity demand is from renewable energy by 2050 and each year thereafter.

15 (b) For each obligated entity and in each compliance year, the amount of retail electricity sales
16 used to meet obligations under this statute that are derived from existing renewable energy resources
17 shall not exceed two percent (2%) of total retail electricity sales.

18 (c) The minimum renewable energy percentages set forth in subsection (a) shall be met for each
19 electrical energy product offered to end-use customers, in a manner that ensures that the amount of
20 renewable energy of end-use customers voluntarily purchasing renewable energy is not counted toward
21 meeting such percentages. Notwithstanding the foregoing, municipalities engaged in aggregation
22 pursuant to § 39-3-1.2 may include in their aggregation plan terms that would allow voluntary renewable
23 energy products to be counted toward meeting such percentages. ~~In 2024, the commission, with input~~
24 ~~from the office of energy resources, division of public utilities and carriers, obligated entities, other~~
25 ~~market participants, and the public, shall assess the impact of allowing voluntary renewable energy~~
26 ~~purchases to be counted toward meeting the annual percentages. The commission shall submit a report~~

1 of its findings and recommendations to the governor, speaker of the house, and senate president no later
2 than September 1, 2024.

3 (d) To the extent consistent with the requirements of this chapter, compliance with the renewable
4 energy standard may be demonstrated through procurement of NE-GIS certificates relating to generating
5 units certified by the commission as using eligible renewable energy sources, as evidenced by reports
6 issued by the NE-GIS administrator. Procurement of NE-GIS certificates from off-grid and customer-
7 sited generation facilities, verified by the commission as eligible renewable energy resources, may also
8 be used to demonstrate compliance. With the exception of contracts for generation supply entered into
9 prior to 2002, initial title to NE-GIS certificates from off-grid and customer-sited generation facilities
10 and from all other eligible renewable energy resources, shall accrue to the owner of such a generation
11 facility, unless such title has been explicitly deemed transferred pursuant to contract or regulatory order.

12 (e) In lieu of providing NE-GIS certificates pursuant to subsection (d) of this section, an
13 obligated entity may also discharge all or any portion of its compliance obligations by making an
14 alternative compliance payment to the renewable energy development fund established pursuant to §
15 39-26-7.

16 (f) Retail electricity sales pursuant to a nonregulated power producer's supply contract that was
17 executed prior to July 1, 2022, shall be required to obtain an additional one and one-half percent (1.5%)
18 of retail electricity sales each year and are exempted from the requirements of subsections (a)(6) through
19 (a)(14) of this section until the end date of the term of the nonregulated power producer's supply
20 contract.

21 **39-26-6. Duties of the commission.**

22 (a) The commission shall:

23 (1) Develop and adopt regulations on or before December 31, 2005, for implementing a
24 renewable energy standard, which regulations shall include, but be limited to, provisions for:

25 (i) Verifying the eligibility of renewable energy and clean energy generators and the production
26 of energy from such generators, including requirements to notify the commission in the event of a change

1 in a generator's eligibility status;

2 (ii) Standards for contracts and procurement plans for renewable energy and clean energy
3 resources to achieve the purposes of this chapter;

4 (iii) Flexibility mechanisms for the purposes of easing compliance burdens; facilitating bringing
5 new renewable and clean energy resources on-line; and avoiding and/or mitigating conflicts with state-
6 level source disclosure requirements and green marketing claims throughout the region; which
7 flexibility mechanisms shall allow obligated entities to: (A) Demonstrate compliance over a compliance
8 year; and (B) Bank excess compliance for ~~two (2)~~ three (3) subsequent compliance years, ~~capped at~~
9 ~~thirty percent (30%) of the current year's obligation~~; and

10 (iv) Annual compliance filings to be made by all obligated entities within one month after NE-
11 GIS reports are available for the fourth (4th) quarter of each calendar year. All electric-utility-
12 distribution companies shall cooperate with the commission in providing data necessary to assess the
13 magnitude of obligation and verify the compliance of all obligated entities.

14 (2) Authorize rate recovery by electric-utility-distribution companies of all prudent incremental
15 costs arising from the implementation of this chapter, including, without limitation: the purchase of NE-
16 GIS certificates, including certificates from clean energy resources; the payment of alternative
17 compliance payments; required payments to support the NE-GIS; assessments made pursuant to § 39-
18 26-7(c); and the incremental costs of complying with energy source disclosure requirements.

19 (3) Certify eligible renewable energy and clean energy resources by issuing statements of
20 qualification within ninety (90) days of application. The commission shall provide prospective reviews
21 for applicants seeking to determine whether a facility would be eligible.

22 (4) [Deleted by P.L. 2022, ch. 218, § 1 and P.L. 2022, ch. 226, § 1.]

23 (5) Establish sanctions for those obligated entities that, after investigation, have been found to
24 fail to reasonably comply with the commission's regulations. No sanction or penalty shall relieve or
25 diminish an obligated entity from liability for fulfilling any shortfall in its compliance obligation;
26 provided, however, that no sanction shall be imposed if compliance is achieved through alternative

1 compliance payments. The commission may suspend or revoke the certification of generation units,
2 certified in accordance with subsection (a)(3) of this section, that are found to provide false information
3 or that fail to notify the commission in the event of a change in eligibility status or otherwise comply
4 with its rules. Financial penalties resulting from sanctions from obligated entities shall not be
5 recoverable in rates.

6 (6) Report, by February 15, 2006, and by February 15 each year thereafter, to the governor, the
7 speaker of the house, and the president of the senate on the status of the implementation of the renewable
8 energy standards in Rhode Island and other states, and which report shall include in 2009, and each year
9 thereafter, the level of use of renewable energy certificates by eligible renewable energy and clean
10 energy resources, and the portion of renewable energy standards met through alternative compliance
11 payments, and the amount of rate increases authorized pursuant to subsection (a)(2) of this section.

12 (b) Consistent with the public policy objective of developing renewable generation as an option
13 in Rhode Island, and subject to the review and approval of the commission, the electric distribution
14 company is authorized to propose and implement pilot programs to own and operate no more than fifteen
15 megawatts (15 MW) of renewable generation demonstration projects in Rhode Island and may include
16 the costs and benefits in rates to distribution customers. At least two (2) demonstration projects shall
17 include renewable generation installed at, or in the vicinity of nonprofit, affordable-housing projects
18 where energy savings benefits are provided to reduce electric bills of the customers at the nonprofit,
19 affordable-housing projects. Any renewable generation proposals shall be subject to the review and
20 approval of the commission. The commission shall annually make an adjustment to the minimum
21 amounts required under the renewable energy standard under this chapter in an amount equal to the
22 kilowatt hours generated by such units owned by the electric distribution company. The electric and gas
23 distribution company shall also be authorized to propose and implement smart-metering and smart-grid
24 demonstration projects in Rhode Island, subject to the review and approval of the commission, in order
25 to determine the effectiveness of such new technologies for reducing and managing energy consumption,
26 and may include the costs of such demonstration projects in distribution rates to electric customers to

1 the extent the project pertains to electricity usage and in distribution rates to gas customers to the extent
2 the project pertains to gas usage.

3 **39-26-7. Renewable energy development fund.**

4 (a) There is hereby authorized and created within the Rhode Island commerce corporation a
5 renewable energy development fund for the purpose of increasing the supply of NE-GIS certificates
6 available for compliance in future years by obligated entities with renewable energy standard
7 requirements, as established in this chapter. The fund shall be located at the Rhode Island commerce
8 corporation. The Rhode Island commerce corporation shall administer the fund and adopt plans and
9 guidelines for the management and use of the fund in coordination with the office of energy resources
10 ~~and the Rhode Island infrastructure bank.~~

11 (b) The Rhode Island commerce corporation shall enter into agreements with obligated entities
12 to accept alternative compliance payments, consistent with rules of the commission and the purposes set
13 forth in this section; and alternative compliance payments received pursuant to this section shall be trust
14 funds to be held and applied solely for the purposes set forth in this section.

15 (c) The uses of the fund shall include but not be limited to:

16 (1) Stimulating investment in renewable energy development by entering into agreements,
17 including multiyear agreements, for renewable energy certificates;

18 (2) Establishing and maintaining a residential renewable energy program using eligible
19 technologies in accordance with § 39-26-5;

20 (3) Providing technical and financial assistance to municipalities for interconnection and
21 feasibility studies, and/or the installation of renewable energy projects;

22 (4) Implementing and supporting commercial and residential property assessed clean-energy
23 projects;

24 (5) Clean transportation, including electric vehicles and charging infrastructure stations;

25 (6) Energy storage projects;

26 ~~(5)~~ (7) Issuing assurances and/or guarantees to support the acquisition of renewable energy

1 certificates and/or the development of new renewable energy sources for Rhode Island;

2 ~~(6)~~ (8) Establishing escrows, reserves, and/or acquiring insurance for the obligations of the fund;

3 ~~(7)~~ (9) Paying administrative costs of the fund incurred by the Rhode Island commerce
4 corporation, ~~the Rhode Island infrastructure bank~~, and the office of energy resources, not to exceed ten
5 percent (10%) of the income of the fund, including, but not limited to, alternative compliance payments.

6 All funds transferred from the Rhode Island commerce corporation to support the office of energy
7 resources' administrative costs shall be deposited as restricted receipts.

8 (d) All applications received for the use of the fund shall be reviewed by the Rhode Island
9 commerce corporation in consultation with the office of energy resources ~~and the Rhode Island~~
10 ~~infrastructure bank~~.

11 (e) NE-GIS certificates acquired through the fund may be conveyed to obligated entities or may
12 be credited against the renewable energy standard for the year of the certificate provided that the
13 commission assesses the cost of the certificates to the obligated entity, or entities, benefiting from the
14 credit against the renewable energy standard, which assessment shall be reduced by previously made
15 alternative compliance payments and shall be paid to the fund.

16 (10) Effective January 1, 2027, the renewable energy development fund shall transfer fifty
17 percent (50%) of all alternative compliance payment revenues to the electric distribution company, with
18 oversight and approval of the office of energy resources, for the purpose of providing direct rate relief,
19 to be applied as bill credits to all residential customer accounts. The electric distribution company shall
20 file a proposed direct rate relief plan with the public utilities commission for review and approval no
21 later than sixty (60) days after receipt of such funds.

22 SECTION 10. Sections 39-26.4-2 and 39-26.4-3 of the General Laws in Chapter 39-26.4
23 entitled "Net Metering" are hereby amended to read as follows:

24 **39-26.4-2. Definitions.**

25 Terms not defined in this section herein shall have the same meaning as contained in chapter 26
26 of this title. When used in this chapter:

1 (1) "Community remote net-metering system" means a facility generating electricity using an
2 eligible net-metering resource that allocates net-metering credits to a minimum of one account for a
3 system associated with low- or moderate-income housing eligible credit recipients, or three (3) eligible
4 credit-recipient customer accounts, provided that no more than fifty percent (50%) of the credits
5 produced by the system are allocated to one eligible credit recipient, and provided further at least fifty
6 percent (50%) of the credits produced by the system are allocated to the remaining eligible credit
7 recipients in an amount not to exceed that which is produced annually by twenty-five kilowatt (25 KW)
8 AC capacity. The community remote net-metering system may transfer credits to eligible credit
9 recipients in an amount that is equal to or less than the sum of the usage of the eligible credit recipient
10 accounts measured by the three-year (3) average annual consumption of energy over the previous three
11 (3) years. A projected annual consumption of energy may be used until the actual three-year (3) average
12 annual consumption of energy over the previous three (3) years at the eligible credit recipient accounts
13 becomes available for use in determining eligibility of the generating system. The community remote
14 net-metering system may be owned by the same entity that is the customer of record on the net-metered
15 account or may be owned by a third party.

16 (2) "Core forest" refers to unfragmented forest blocks of single or multiple parcels totaling two
17 hundred fifty (250) acres or greater unbroken by development and at least twenty-five (25) yards from
18 mapped roads, with eligibility questions to be resolved by the director of the department of
19 environmental management. Such determination shall constitute a contested case as defined in § 42-35-
20 1.

21 (3) "Electric distribution company" shall have the same meaning as § 39-1-2, but shall not
22 include Block Island Power Company or Pascoag Utility District, each of whom shall be required to
23 offer net metering to customers through a tariff approved by the public utilities commission after a public
24 hearing. Any tariff or policy on file with the public utilities commission on the date of passage of this
25 chapter shall remain in effect until the commission approves a new tariff.

26 (4) "Eligible credit recipient" means one of the following eligible recipients in the electric

1 distribution company’s service territory whose electric service account or accounts may receive net-
2 metering credits from a community remote net-metering system. Eligible credit recipients include the
3 following definitions:

4 (i) Residential accounts in good standing.

5 (ii) “Low- or moderate-income housing eligible credit recipient” means an electric service
6 account or accounts in good standing associated with any housing development or developments owned
7 or operated by a public agency, nonprofit organization, limited-equity housing cooperative, or private
8 developer that receives assistance under any federal, state, or municipal government program to assist
9 the construction or rehabilitation of housing affordable to low- or moderate-income households, as
10 defined in the applicable federal or state statute, or local ordinance, encumbered by a deed restriction or
11 other covenant recorded in the land records of the municipality in which the housing is located, that:

12 (A) Restricts occupancy of no less than fifty percent (50%) of the housing to households with a
13 gross, annual income that does not exceed eighty percent (80%) of the area median income as defined
14 annually by the United States Department of Housing and Urban Development (HUD);

15 (B) Restricts the monthly rent, including a utility allowance, that may be charged to residents,
16 to an amount that does not exceed thirty percent (30%) of the gross, monthly income of a household
17 earning eighty percent (80%) of the area median income as defined annually by HUD;

18 (C) Has an original term of not less than thirty (30) years from initial occupancy.

19 Electric service account or accounts in good standing associated with housing developments
20 that are under common ownership or control may be considered a single low- or moderate-income
21 housing eligible credit recipient for purposes of this section. The value of the credits shall be used to
22 provide benefits to tenants.

23 (iii) “Educational institutions” means public and private schools at the primary, secondary, and
24 postsecondary levels.

25 (iv) “Commercial or industrial customers” means any nonresidential customer of the electric
26 distribution company.

1 (5) “Eligible net-metering resource” means eligible renewable energy resource, as defined in §
2 39-26-5 including biogas created as a result of anaerobic digestion, but, specifically excluding all other
3 listed eligible biomass fuels.

4 (6) “Eligible net-metering system” means a facility generating electricity using an eligible net-
5 metering resource that, for any system with a nameplate capacity in excess of twenty-five kilowatts (25
6 KW), is reasonably designed and sized to annually produce electricity in an amount that is equal to, or
7 less than, the renewable self-generator’s usage at the eligible net-metering system site measured by the
8 three-year (3) average annual consumption of energy over the previous three (3) years at the electric
9 distribution account(s) located at the eligible net-metering system site. A projected annual consumption
10 of energy may be used until the actual three-year (3) average annual consumption of energy over the
11 previous three (3) years at the electric distribution account(s) located at the eligible net-metering system
12 site becomes available for use in determining eligibility of the generating system. For any system with
13 a nameplate capacity equal to or less than twenty-five kilowatts (25 KW), eligibility shall not be
14 restricted based on prior consumption. The eligible net-metering system may be owned by the same
15 entity that is the customer of record on the net-metered accounts or may be owned by a third party that
16 is not the customer of record at the eligible net-metering system site and which may offer a third-party,
17 net-metering financing arrangement or net-metering financing arrangement, as applicable.
18 Notwithstanding any other provisions of this chapter, any eligible net-metering resource: (i) Owned by
19 a public entity, educational institution, hospital, nonprofit, or multi-municipal collaborative; or (ii)
20 Owned and operated by a renewable-generation developer on behalf of a public entity, educational
21 institution, hospital, nonprofit, or multi-municipal collaborative through a net-metering financing
22 arrangement shall be treated as an eligible net-metering system and all accounts designated by the public
23 entity, educational institution, hospital, nonprofit, or multi-municipal collaborative for net metering shall
24 be treated as accounts eligible for net metering within an eligible net-metering system site; or (iii) Owned
25 and operated by a renewable-generation developer on behalf of one or more commercial or industrial
26 customer(s) through net-metering financing arrangement(s) shall be treated as an eligible net-metering

1 system within an eligible net-metering system site. Notwithstanding any other provision to the contrary,
2 effective July 1, 2060, an eligible net-metering system means a facility generating electricity using an
3 eligible net-metering resource that is interconnected behind the same meter as the net-metering
4 customer's load.

5 (7) "Eligible net-metering system site" means the site where the eligible net-metering system or
6 community remote net-metering system is located or is part of the same campus or complex of sites
7 contiguous to one another and the site where the eligible net-metering system or community remote net-
8 metering system is located or a farm on which the eligible net-metering system or community remote
9 net-metering system is located. Except for an eligible net-metering system owned by or operated on
10 behalf of a public entity, educational institution, hospital, nonprofit, or multi-municipal collaborative or
11 for a commercial or industrial customer through a net-metering financing arrangement, the purpose of
12 this definition is to reasonably assure that energy generated by the eligible net-metering system is
13 consumed by net-metered electric service account(s) that are actually located in the same geographical
14 location as the eligible net-metering system. All energy generated from any eligible net-metering system
15 is, and will be considered, consumed at the meter where the renewable energy resource is interconnected
16 for valuation purposes. Except for an eligible net-metering system owned by, or operated on behalf of,
17 a public entity, educational institution, hospital, nonprofit, or multi-municipal collaborative, or for a
18 commercial or industrial customer through a net-metering financing arrangement, or except for a
19 community remote net-metering system, all of the net-metered accounts at the eligible net-metering
20 system site must be the accounts of the same customer of record and customers are not permitted to
21 enter into agreements or arrangements to change the name on accounts for the purpose of artificially
22 expanding the eligible net-metering system site to contiguous sites in an attempt to avoid this restriction.
23 However, a property owner may change the nature of the metered service at the accounts at the site to
24 be master metered in the owner's name, or become the customer of record for each of the accounts,
25 provided that the owner becoming the customer of record actually owns the property at which the
26 account is located. As long as the net-metered accounts meet the requirements set forth in this definition,

1 there is no limit on the number of accounts that may be net metered within the eligible net-metering
2 system site.

3 (8) “Excess renewable net-metering credit” means a credit that applies to an eligible net-
4 metering system or community remote net-metering system for that portion of the production of
5 electrical energy beyond one hundred percent (100%) and no greater than one hundred twenty-five
6 percent (125%), except for any system with a nameplate capacity equal to or less than twenty-five
7 kilowatts (25 KW) for which excess renewable net-metering credit applies to all production of electrical
8 energy beyond one hundred percent (100%) of the renewable self-generator’s own consumption at the
9 eligible net-metering system site or the sum of the usage of the eligible credit recipient accounts
10 associated with the community remote net-metering system during the applicable billing period.

11 For electrical energy produced greater than one hundred percent (100%) of the renewable self-
12 generator’s own electricity consumption at the eligible net-metering system site or the sum of the usage
13 of the eligible credit recipient accounts associated with the community remote net-metering system
14 during the applicable billing period, excess renewable net-metering credits shall be equal to the
15 wholesale electricity rate, which is hereby declared to be the ISO-New England energy clearing price.
16 When applying the ISO-New England energy clearing price to calculate the value of excess renewable
17 net-metering credits, the electric distribution company, subject to commission approval and subject to
18 amendment from time to time, may use an annual average, monthly average, or other time increment
19 and may use Rhode Island zone pricing or other applicable locational pricing. The commission shall
20 have the authority to make determinations as to the applicability of this credit to specific generation
21 facilities to the extent there is any uncertainty or disagreement.

22 (9) “Farm” shall be defined in accordance with § 44-27-2, except that all buildings associated
23 with the farm shall be eligible for net-metering credits as long as: (i) The buildings are owned by the
24 same entity operating the farm or persons associated with operating the farm; and (ii) The buildings are
25 on the same farmland as the project on either a tract of land contiguous with, or reasonably proximate
26 to, such farmland or across a public way from such farmland.

1 (10) "Hospital" means and shall be defined and established as set forth in chapter 17 of title 23.

2 (11) "Multi-municipal collaborative" means a group of towns and/or cities that enter into an
3 agreement for the purpose of co-owning a renewable-generation facility or entering into a financing
4 arrangement pursuant to subsection (15).

5 (12) "Municipality" means any Rhode Island town or city, including any agency or
6 instrumentality thereof, with the powers set forth in title 45.

7 (13) "Net metering" means using electrical energy generated by an eligible net-metering system
8 for the purpose of self-supplying electrical energy and power at the eligible net-metering system site, or
9 with respect to a community remote net-metering system, for the purpose of generating net-metering
10 credits to be applied to the electric bills of the eligible credit recipients associated with the community
11 net-metering system. The amount so generated will thereby offset consumption at the eligible net-
12 metering system site through the netting process established in this chapter, or with respect to a
13 community remote net-metering system, the amounts generated in excess of that amount will result in
14 credits being applied to the eligible credit-recipient accounts associated with the community remote net-
15 metering system.

16 (14) "Net-metering customer" means a customer of the electric distribution company receiving
17 and being billed for distribution service whose distribution account(s) are being net metered.

18 (15) "Net-metering financing arrangement" means arrangements entered into by a public entity,
19 educational institution, hospital, nonprofit, multi-municipal collaborative, or a commercial or industrial
20 customer with a private entity to facilitate the financing and operation of a net-metering resource, in
21 which the private entity owns and operates an eligible net-metering resource on behalf of a public entity,
22 educational institution, hospital, nonprofit, multi-municipal collaborative, or commercial or industrial
23 customer, where: (i) The eligible net-metering resource is located on property owned or controlled by
24 the public entity, educational institution, hospital, municipality, multi-municipal collaborative, or
25 commercial or industrial customer as applicable; and (ii) The production from the eligible net-metering
26 resource and primary compensation paid by the public entity, educational institution, hospital, nonprofit,

1 multi-municipal collaborative, or commercial or industrial customer to the private entity for such
2 production is directly tied to the consumption of electricity occurring at the designated net-metered
3 accounts.

4 (16) “Nonprofit” means a nonprofit corporation as defined and established through chapter 6 of
5 title 7, and shall include religious organizations that are tax exempt pursuant to 26 U.S.C. § 501(d).

6 (17) “Person” means an individual, firm, corporation, association, partnership, farm, town or
7 city of the state of Rhode Island, multi-municipal collaborative, or the state of Rhode Island or any
8 department of the state government, governmental agency, or public instrumentality of the state.

9 (18) “Preferred site” means a location for a renewable energy system that has had prior
10 development, including, but not limited to: landfills, gravel pits and quarries, highway and major road
11 median strips, brownfields, superfund sites, parking lots or sites that are designated appropriate for
12 carports, and all rooftops including, but not limited to, residential, commercial, industrial, and municipal
13 buildings.

14 (19) “Project” means a distinct installation of an eligible net-metering system or a community
15 remote net-metering system. An installation will be considered distinct if it is installed in a different
16 location, or at a different time, or involves a different type of renewable energy. Subject to the safe-
17 harbor provisions in § 39-26.4-3(a)(1), new and distinct projects cannot be located on adjoining parcels
18 of land within core forests, except for preferred sites.

19 (20) “Public entity” means the federal government, the state of Rhode Island, municipalities,
20 wastewater treatment facilities, public transit agencies, or any water distributing plant or system
21 employed for the distribution of water to the consuming public within this state including the water
22 supply board of the city of Providence.

23 (21) “Public entity net-metering system” means a system generating renewable energy at a
24 property owned or controlled by the public entity that is participating in a net-metering financing
25 arrangement where the public entity has designated accounts in its name to receive net-metering credits.

26 (22) “Renewable net-metering credit” means a credit that applies to an eligible net-metering

1 system or a community remote net-metering system up to one hundred percent (100%) of either the
2 renewable self-generator's usage at the eligible net-metering system site or the sum of the usage of the
3 eligible credit-recipient accounts associated with the community remote net-metering system over the
4 applicable billing period. This credit shall be equal to the total kilowatt hours of electrical energy
5 generated up to the amount consumed on-site, and/or generated up to the sum of the eligible credit-
6 recipient account usage during the billing period multiplied by the sum of the distribution company's:

7 (i) Last resort service kilowatt-hour charge for the rate class applicable to the net-metering
8 customer, except that for remote public entity and multi-municipality collaborative net-metering systems
9 that submit an application for an interconnection study on or after July 1, 2017, and community remote
10 net-metering systems, the last resort service kilowatt-hour charge shall be net of the renewable energy
11 standard charge or credit;

12 (ii) Distribution kilowatt-hour charge;

13 (iii) Transmission kilowatt-hour charge; and

14 (iv) Transition kilowatt-hour charge.

15 For projects after April 15, 2023 that have not elected to receive the fixed renewable net-
16 metering credit pursuant to § 39-26.4-3(f), subject to the allowable ~~two~~ one hundred ~~seventy-five~~
17 megawatts alternating current (~~275~~ 125 MWac), under § 39-26.4-3(a)(1)(vi), the credit shall be reduced
18 by twenty percent (20%).

19 Notwithstanding the foregoing, except for systems that have requested an interconnection study
20 for which payment has been received by the distribution company, or if an interconnection study is not
21 required, a completed and paid interconnection application, by December 31, 2018, the renewable net-
22 metering credit for all remote public entity and multi-municipal collaborative net-metering systems
23 shall, not include the distribution kilowatt-hour charge commencing on January 1, 2060.

24 (23) "Renewable self-generator" means an electric distribution service customer of record for
25 the eligible net-metering system or community remote net-metering system at the eligible net-metering
26 system site which system is primarily designed to produce electrical energy for consumption by that

1 same customer at its distribution service account(s), and/or, with respect to community remote net-
2 metering systems, electrical energy which generates net-metering credits to be applied to offset the
3 eligible credit-recipient account usage.

4 (24) “Third party” means and includes any person or entity, other than the renewable self-
5 generator, who or that owns or operates the eligible net-metering system or community remote net-
6 metering system on the eligible net-metering system site for the benefit of the renewable self-generator.

7 (25) “Third-party, net-metering financing arrangement” means the financing of eligible net-
8 metering systems or community remote net-metering systems through lease arrangements or
9 power/credit purchase agreements between a third party and renewable self-generator, except for those
10 entities under a public entity net-metering financing arrangement. A third party engaged in providing
11 financing arrangements related to such net-metering systems with a public or private entity is not a
12 public utility as defined in § 39-1-2.

13 **39-26.4-3. Net metering.**

14 (a) The following policies regarding net metering of electricity from eligible net-metering
15 systems and community remote net-metering systems and regarding any person that is a renewable self-
16 generator shall apply:

17 (1)(i) The maximum allowable capacity for eligible net-metering systems, based on nameplate
18 capacity, shall be ten megawatts (10 MW).

19 (ii) Eligible net-metering systems shall be sited outside of core forests with the exception of
20 development on preferred sites in the core forest and the exception of systems that, as of April 15, 2023,

21 (A) Have submitted a complete application to the appropriate municipality for any required permits
22 and/or zoning changes, or (B) Have requested an interconnection study for which payment has been
23 received by the distribution company, or (C) If an interconnection study is not required, systems that
24 have a completed and paid interconnection application.

25 (iii) For systems developed in core forests on preferred sites, no more than one hundred
26 thousand square feet (100,000 sq. ft) of core forest shall be removed, except for work required for utility

1 interconnection or development of a brownfield, in which case no more core forest than necessary for
2 interconnection or brownfield development shall be removed.

3 (iv) The aggregate amount of net metering in the Block Island Utility District doing business as
4 Block Island Power Company and the Pascoag Utility District shall not exceed a maximum percentage
5 of peak load for each utility district as set by the utility district based on its operational characteristics,
6 subject to commission approval.

7 (v) Through December 31, 2018, the maximum aggregate amount of community remote net-
8 metering systems built shall be thirty megawatts (30 MW). Any of the unused MW amount after
9 December 31, 2018, shall remain available to community remote net-metering systems until the MW
10 aggregate amount is interconnected.

11 (vi) The maximum aggregate capacity of remote net metering allowable for ground-mounted
12 eligible net-metering systems, as defined by § 39-26.4-2(6), with the exception of systems under § 39-
13 26.4-3(e) and systems that have, as of April 15, 2023, submitted a complete application to the appropriate
14 municipality for any required permits and/or zoning changes or have requested an interconnection study
15 for which payment has been received by the distribution company, or if an interconnection study is not
16 required, a completed and paid interconnection application by the distribution company as of June 24,
17 2023, shall be ~~two~~ one hundred ~~seventy-five~~ megawatts, alternating current (~~275~~ 125 MWac), excluding
18 off-shore wind. None of the systems to which this cap applies shall be in core forests unless on a
19 preferred site located within the core forest. A project counts against this maximum if it is in operation
20 or under construction by ~~July 1, 2030~~ December 31, 2032, as determined by the local distribution
21 company. All eligible ground-mounted net-metering systems must be under construction or in operation
22 by ~~July 1, 2030~~ December 31, 2032. This restriction shall not apply to the following: (A) The eligible
23 net-metering system is interconnected behind the same meter as the net-metering customer's load;
24 and/or (B) The energy generated by the eligible net-metering system is consumed by net-metered electric
25 service account(s) of the same owner of record that are actually located on the same or contiguous
26 parcels as the eligible net-metering system.

1 (2) For ease of administering net-metered accounts and stabilizing net-metered account bills,
2 the electric distribution company may elect (but is not required) to estimate for any twelve-month (12)
3 period:

4 (i) The production from the eligible net-metering system or community remote net-metering
5 system; and

6 (ii) Aggregate consumption of the net-metered accounts at the eligible net-metering system site
7 or the sum of the consumption of the eligible credit-recipient accounts associated with the community
8 remote net-metering system, and establish a monthly billing plan that reflects the expected credits that
9 would be applied to the net-metered accounts over twelve (12) months. The billing plan would be
10 designed to even out monthly billings over twelve (12) months, regardless of actual production and
11 usage. If such election is made by the electric distribution company, the electric distribution company
12 would reconcile payments and credits under the billing plan to actual production and consumption at the
13 end of the twelve-month (12) period and apply any credits or charges to the net-metered accounts for
14 any positive or negative difference, as applicable. Should there be a material change in circumstances at
15 the eligible net-metering system site or associated accounts during the twelve-month (12) period, the
16 estimates and credits may be adjusted by the electric distribution company during the reconciliation
17 period. The electric distribution company also may elect (but is not required) to issue checks to any net-
18 metering customer in lieu of billing credits or carry-forward credits or charges to the next billing period.
19 For residential-eligible net-metering systems and community remote net-metering systems twenty-five
20 kilowatts (25 KW) or smaller, the electric distribution company, at its option, may administer renewable
21 net-metering credits month to month allowing unused credits to carry forward into the following billing
22 period.

23 (3) If the electricity generated by an eligible net-metering system or community remote net-
24 metering system during a billing period is equal to, or less than, the net-metering customer's usage at
25 the eligible net-metering system site or the sum of the usage of the eligible credit-recipient accounts
26 associated with the community remote net-metering system during the billing period, the customer shall

1 receive renewable net-metering credits, that shall be applied to offset the net-metering customer's usage
2 on accounts at the eligible net-metering system site, or shall be used to credit the eligible credit-
3 recipient's electric account.

4 (4) If the electricity generated by an eligible net-metering system or community remote net-
5 metering system during a billing period is greater than the net-metering customer's usage on accounts
6 at the eligible net-metering system site or the sum of the usage of the eligible credit-recipient accounts
7 associated with the community remote net-metering system during the billing period, the customer shall
8 be paid by excess renewable net-metering credits for the excess electricity generated; provided that, for
9 any excess electricity generated by a system with a nameplate capacity in excess of twenty-five kilowatts
10 (25 KW), excess renewable net-metering credits shall be limited to excess up to an additional twenty-
11 five percent (25%) beyond the net-metering customer's usage at the eligible net-metering system site,
12 or the sum of the usage of the eligible credit-recipient accounts associated with the community remote
13 net-metering system during the billing period; unless the electric distribution company and net-metering
14 customer have agreed to a billing plan pursuant to subsection (a)(2). Subject to the completion of any
15 applicable annual reconciliation of renewable net-metering credits and excess renewable net metering
16 credits, customers shall have the option to cash out any credit balance remaining provided that the
17 amount of the cash out shall be the lower of:

18 (i) The credit balance shown from the annual reconciliation of the applicable account; or

19 (ii) The credit balance on the applicable account on the date the electric distribution company
20 processes the cash out.

21 (5) The rates applicable to any net-metered account shall be the same as those that apply to the
22 rate classification that would be applicable to such account in the absence of net metering, including
23 customer and demand charges, and no other charges may be imposed to offset net-metering credits.

24 (b) The commission shall exempt electric distribution company customer accounts associated
25 with an eligible net-metering system from back-up or standby rates commensurate with the size of the
26 eligible net-metering system, provided that any revenue shortfall caused by any such exemption shall

1 be fully recovered by the electric distribution company through rates.

2 (c) Any prudent and reasonable costs incurred by the electric distribution company pursuant to
3 achieving compliance with subsection (a) the annual amount of any renewable net-metering credits or
4 excess renewable net-metering credits provided to accounts associated with eligible net-metering
5 systems or community remote net-metering systems, shall be aggregated by the distribution company
6 and billed to all distribution customers on an annual basis through a uniform, per-kilowatt-hour (KWh)
7 surcharge embedded in the distribution component of the rates reflected on customer bills.

8 (d) The billing process set out in this section shall be applicable to electric distribution
9 companies thirty (30) days after the enactment of this chapter.

10 (e) The Rhode Island office of energy resources shall redesign the community solar remote net
11 metering program to reflect the provisions of this chapter and to include a commercial or industrial
12 anchor tenant up to but not to exceed fifty percent (50%) of the project. The remaining fifty percent
13 (50%) must be allocated or subscribed to low- and moderate-income (LMI) residents and/or those living
14 in areas defined as disadvantaged and environmental justice communities. The Rhode Island office of
15 energy resources shall design the net metering credit rate and factor in federal energy funding and tax
16 credits to develop the most cost-effective rate for community solar projects. It is expected that these
17 projects will be operational for a twenty-year (20) period. The Rhode Island office of energy resources
18 shall file a benefit and cost analysis with any program proposal filed to the Rhode Island public utilities
19 commission. Once the Rhode Island office of energy resources files a program proposal to the Rhode
20 Island public utilities commission, a docket shall be established, and the Rhode Island public utilities
21 commission shall issue a ruling on the program no later than one hundred and fifty (150) days. If a
22 program is approved, it will be subject to no greater than twenty megawatts (20 MW) per year for two
23 years until the forty megawatts (40 MW) cap is met. Eligible net-metering systems shall be sited outside
24 of core forests with the exception of development on preferred sites in the core forest.

25 (f)(1) An eligible net-metering system owned by, or operated on behalf of, a public entity,
26 educational institution, hospital, nonprofit, or multi-municipal collaborative, or for a commercial or

1 industrial customer through a net-metering financing arrangement, or an eligible community remote net-
2 metering system may make a one-time, irrevocable election by the later of: (i) the date that is ninety
3 (90) days after the commission approves a tariff pursuant to § 39-26.4-3(f)(2); or (ii) the date that is
4 sixty (60) days after execution of an interconnection agreement, to receive a fixed renewable net-
5 metering credit rate of nineteen cents (\$0.19) per kilowatt-hour. Such fixed credit rate shall be increased
6 by 2.75% on a compound annual basis beginning January 1, 2028, and on January 1 of each year
7 thereafter. The fixed credit rate elected pursuant to this subsection shall apply for a term of twenty-five
8 (25) years from the date of such election and shall be governed by § 39-26.4-3(f)(4). Eligible net-
9 metering systems making an election under this subsection shall remain subject to the requirements of
10 § 39-26.4-3(a)(4).

11 (2) No later than August 15, 2026, the electric distribution company shall file a tariff with the
12 commission to implement the fixed renewable net-metering credit for eligible net metering systems that
13 elect such credit, under terms and conditions set forth in the tariff. The tariff shall set forth, at a minimum,
14 the rights and obligations of the eligible net-metering systems and the electric distribution company,
15 including the conditions governing the calculation and payment of credits by the electric distribution
16 company. The commission shall approve a tariff no later than December 1, 2026.

17 (3) The commission shall have the authority to determine the final terms and conditions in the
18 tariff that is filed with the commission pursuant to this section. Once approved, the commission shall
19 retain exclusive jurisdiction over all payments, terms, conditions, rights, enforcement, and
20 implementation of the tariff, subject to appeals pursuant to chapter 5 of this title.

21 (4) It is the intention of the general assembly in enacting this provision that the developers,
22 owners, investors, customers, and lenders of eligible net-metering systems receiving credits under the
23 tariff be able to rely on the tariff for the entire term of the tariff for purposes of obtaining financing.
24 Consistent with that intention and expectation, the terms under the tariff, once approved by the
25 commission, shall not be altered in any way that would undermine such reliance on those tariffs during
26 the applicable terms of the tariff; and in no circumstance will the credit rate paid to an eligible net-

- 1 metering system be reduced during the term of the tariff once a project has elected to receive a tariff
- 2 under the terms of this chapter.