

April 1, 2025

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

RE: H-5819 and H-5580 – Relating to Public Utilities & Carriers – Net Metering

Dear Chairman Solomon:

On behalf of Rhode Island Energy, I write in **support** of provisions found in both H-5819 and H-5580 that would set the excess net metering credit rate to a wholesale price. In doing so, these bills would help temper growing net metering costs.

Rhode Island Energy provides essential energy services to more than 770,000 customers across the state through the delivery of electricity and natural gas. Our team of 1,400 union and non-union employees is dedicated to helping Rhode Island customers and communities thrive, while supporting the transition to a cleaner energy future in a safe, reliable, and affordable manner.

This past winter, approximately 21% of the “typical” residential electric bill (500 kWh/mo.) supported public policy initiatives and state taxes, equating to more than \$36/month. These costs increase or decrease based upon a customer’s individual monthly usage. While these initiatives, including net metering, provide important energy, economic, and environmental benefits for Rhode Islanders, they also come at a cost that must be paid today.

Net metering is one of the largest public policy cost drivers on the electric bill today and is financially unsustainable for our customers if left unchecked. In 2024, the net metering program cost Rhode Island electric customers more than \$111 million. This represents a 20% year-over-year increase and is more than double program costs incurred in 2022. This summer, a typical residential electric customer will pay \$7.29 per month to support this single initiative – *about 4% of the total bill*. Pursuant to the General Laws, net metering program costs are passed through to electric distribution customers with no utility “mark-up” or profit. 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-income and other vulnerable populations.

Both H-5819 and H-5580 would change the net metering statute by adjusting the compensation rate for excess net metering credits (i.e., for generation above 100% on-site usage) from a retail to wholesale rate. Over time, this will have the effect of tempering – *to a degree* – rapidly growing program costs shouldered by electric customers without hindering continued renewable growth in Rhode Island.

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Importantly, while we support the wholesale rate provisions found in H-5819 and H-5580, we note that these bills do not alleviate the need for broader net metering reform. For example, by law, net metering compensation for generation up to 100% of on-site usage is compensated at the full retail rate – inclusive of supply, transmission, distribution, and transition rates. This structure is not only driving total program costs upward, but it is also shifting the burden of supporting critical energy infrastructure investments from net metered to non-net metered customers.

Rhode Island Energy will continue to work with policymakers, regulators, and other stakeholders to explore opportunities for more equitable and cost-efficient renewable policy outcomes. As we have seen in other U.S. jurisdictions, the net metering statute should be thoughtfully examined and re-calibrated for affordability, equity, and reliability – while ensuring that customers retain reasonable access to renewable energy to offset their demand. Such an effort should be inclusive of the state's other ratepayer-subsidized renewable development programs to optimize energy, economic, and environmental outcomes at the lowest reasonable cost.

Rhode Island Energy appreciates and empathizes with the financial challenges that so many of our family, friends, and neighbors – your constituents and our customers – are facing each day, especially at a time when the price of so many basic goods and services are increasing across the economy. We applaud the Committee's willingness to work collaboratively to identify meaningful opportunities that can reduce energy burdens for Rhode Islanders, while ensuring the continued safe and reliable delivery of energy vital to the wellbeing of our citizens and economy. Rhode Island Energy looks forward to being a productive partner in those efforts – today and long into the future.

Thank you for your consideration and continued leadership.

Respectfully,

Nicholas S. Ucci
Director of Government Affairs

CC: The Honorable Members of the House Corporations Committee
The Honorable Charlene Lima, Rhode Island House of Representatives
The Honorable Brandon Potter, Rhode Island House of Representatives