May 11, 2026

VIA EMAIL (SenateFinance@rilegislature.gov)

Senator Louis P. DiPalma
Chair, Senate Finance Committee
Rhode Island State House
Providence, RI 02903
sen-dipalma@rilegislature.gov

Re: ***Support for S 3272; An Act Relating to Public Utilities and Carriers -- Renewable Energy Standard***

Limited Opposition to H 7127; An Act Relating to Making Appropriations for the Support of the State for the Fiscal Year Ending June 30, 2027 – Article 11, Section 10

Dear Senator DiPalma:

I write to you in your capacity as the Chair of the Senate Finance Committee and with respect to S 3272 and Article 11, Section 10 of H 7127 (the Governor's budget bill) pending before your Committee. I write in my capacity as Senior Legal Counsel for Revity Energy LLC and its affiliates ("Revity") and to express **Revity's support for S 3272 and limited opposition to the amended Article 11, Section 10 of H 7127**. Revity is a Rhode Island-based utility-scale solar developer which has developed twenty-seven photovoltaic solar energy system ("PSES") facilities in Rhode Island with total nameplate capacity of 147 megawatts, direct current (MWDC) and currently has four projects under construction totaling 48 MWDC. In any given year, Revity employs between 50 and 100 IBEW-99 union electricians to construct its facilities. In 2025, Revity paid over $700,000 in taxes, permitting and other fees to the 10 Rhode Island municipalities in which Revity operates. Last year, Revity's net-metering projects saved five municipalities, five universities, five hospitals and seven local businesses $6.7 million on their electricity bills.

The cost of the State's net-metering program is a simple equation: the number of kilowatt hours generated by projects participating in the program multiplied by the applicable net-metering credit rate. Accordingly, there are two ways to reduce the costs of the program: (1) reduce the credit rates for existing and future net-metering facilities and (2) reduce the kilowatt hours participating in the program. Both the Governor's budget as well as S 3272 do both. Each will offer participating renewable energy developers net-metering credits beginning at nineteen cents ($0.1900) per kilowatt hour increasing at 2.75% annually. Each will reduce the 275 MW capacity

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limit for future net-metering projects. Below is a comparison of the changes being proposed by H 7127 as compared to those being proposed by S 3272:

H 7127, Art. 11, Sec. 12	S 3272
• Locks VNM credit rates starting at 19 cents, increasing annually at 2.75% for participating developers. • Requires RIPUC to promulgate a tariff guaranteeing rate-locked credits for participating developers for 25 years. • Extends, from June 30, 2030 to December 31, 2032, the date by which developers must have projects "under construction" to qualify for the virtual net-metering program. • Reduces, from 275 MW to 125 MW, the capacity limitation for future VNM projects.	• Locks VNM credit rates at 19 cents, increasing annually at 2.75% for participating developers. • Requires Rhode Island Energy to offer participating developers 30-year contracts for the rate-locked credits with a 30% reduction in the credit value in Year 26. • Extends, from June 30, 2030 to December 31, 2032, the date by which developers must have projects "under construction" to qualify for the virtual net-metering program. • Reduces, from 275 MW to 225 MW, the capacity limitation for future VNM projects.

The first critical difference between these proposals is that H 7127 will require the Public Utilities Commission to promulgate a tariff guaranteeing the rate-locked credits; whereas S 3272 will require Rhode Island Energy to offer contracts guaranteeing the rate-locked credits. Tariffs are legally subordinate to the General Laws. Contracts, on the other hand, are protected from legislative impairment by Article I, Section 10, Clause 1 of the United States Constitution and Article 1, Section 12 of the Rhode Island Constitution.[1] This industry cannot continue to flourish in an atmosphere where the compensation models change every legislative session. The proposed budget states that "[i]t is the intention of the general assembly in enacting this provision that the developers, owners, investors, customers, and lenders of eligible net-metering systems receiving credits under the tariff be able to rely on the tariff for the entire term of the tariff for purposes of obtaining financing." Presumably, it was the "intention" of the original net-metering legislation to engender reliance of developers and financiers to attract their investment and support construction of renewable energy projects in this State. And yet, year after year, the net-metering law changes and now appears to be changing again. While Revity is perfectly willing to contribute to the electricity savings proposal in the Governor's budget, the industry needs absolute certainty that rate cuts are not going to continue to be an annual occurrence.[2]

The second primary difference between H 7127 and S 3272 is that the former will reduce the 275 MW capacity limit existing under current law to 125 MW whereas S 3272 will reduce the capacity limit to 225 MW. Revity strongly opposes reducing the capacity limitation for new net-metering projects from 275 MW to 125 MW. That cap was created just three sessions ago (S 0684;

[1] "The Contracts Clauses of the United States and the Rhode Island Constitutions prevent the state from enacting laws 'impairing the obligation of contracts[.]'" *CPRAC v. City of Cranston*, 208 A.3d 557, 571 (R.I. 2019).

[2] Revity would request, at the very least, that the law require the tariff to contain the same legal protections as the Renewable Energy Growth (REG) tariff to include the following provision in Section 3.1.2 of the REG tariff: the certificate of eligibility "constitutes a binding contract between the Applicant and [Rhode Island Energy]."

H 5853) as a measure to sunset the net-metering program in favor of future projects participating in the REG program. Further to Revity's concerns about future legislation repeatedly impairing these programs, the Governor is now proposing to reduce that cap by 150 MWs. Those 150 MWs would generate 198 million kilowatt hours of renewable energy annually (enough to power over 20,000 households), produce 198,750 renewable energy certificates to retire in compliance with the Renewable Energy Standard, and require hundreds of thousands of hours of skilled electrical work to build and maintain. Those 150 MWs would also pay $1.275 million in annual municipal taxes pursuant to R.I. Gen. Laws §§ 44-5-3 & 44-5-12(a)(5). Revity opposes sacrificing these benefits. Notably, there are already 92.186 MWs in queue for the 275 MWs of capacity and so lowering the cap from 275 MW to 125 MW would all-but close the program.[3] If this capacity limit must be reduced to secure long-term ratepayer savings, Revity strongly urges the more modest 50 MW reduction contained in S 3272.

Net-metering was created by the General Assembly in 2011 (H-5939-A) and virtual net-metering was created by the General Assembly in 2016 (S-2450-B). When the General Assembly established virtual net-metering in 2016, the value of the net-metering credit included the standard offer service kilowatt hour supply charge, the distribution charge, the transmission charge and the transition charge. Over the following 9 years, the State's virtual net-metering program has created 261 MW of renewable energy, enough to power over 35,000 Rhode Island households.[4] The Rhode Island solar industry employs over 1,400 people and has brought $2.2 billion of investment into the State.[5] Rhode Island has ranked as high as 25th in the country for solar development which is a major accomplishment for this State given the fact that solar development is a land intensive use.[6] These projects have been developed, financed and built in the State and currently save the State's municipalities, universities, hospitals, and companies tens of millions of dollars annually in their electricity costs. Over the last five years, calls to limit the ratepayer burden of the net-metering program have resulted in legislative reforms to reduce the value of the net-metering credits. In 2023, the General Assembly cut the primary net-metering credit rate for new projects by 20% (H 5853) and, last session, the General Assembly cut the excess net-metering credit rate for all projects by 80% (H 5580).

H 7127, Article 11, Section 10, as amended, would provide a PUC tariff to participating renewable energy owners rate-locking credits at nineteen cents per kilowatt hour, increasing at 2.75% annually, for 25 years. The Governor's office estimates that these reforms will save ratepayers $25.3 million on the net-metering program in the first year and $257.4 million in five years. The Governor estimates the savings from his entire energy affordability plan as follows:

[3] https://portalconnect.rienergy.com/RI/servlet/servlet.FileDownload?file=015Nu00000F6YhV
[4] https://www.rilegislature.gov/Special/comdoc/House%20Corporations%202025/04-24-2025--H5580--Linda_George%20(DPUC)--cor.pdf
[5] https://seia.org/research-resources/solar-market-insight-report-q2-2023/
[6] *Id*.

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**

[7]

It cannot be lost on this Committee that 89% of the ratepayer savings are coming from renewable energy, energy efficiency and the State's Act on Climate goals. Rhode Island Energy's supply, distribution and transmission charges represent 79% of a ratepayer's bill and yet, the utility company is only being asked to contribute 7.3% of the savings in this energy affordability plan. These savings will come from eliminating a bonus currently paid to RIE and changing the way RIE accounts for paving projects.

Section 10 of Article 11 is aimed at reducing the ratepayer burden purportedly caused by the net-metering program and reducing the overall cost of electricity. This is an admirable aim as Rhode Island had the fourth highest electricity rates in the country last year but the net metering program represents a mere fraction of an electricity bill. In 2015, there were 18.9 MW of net metering facilities. In April of 2025, there were 413 MW of net metering facilities. In 2015, Rhode Island had the fourth highest electricity rates in the country and, in 2025, Rhode Island still had the fourth highest electricity rates. If the net metering program never existed, Rhode Island would still have had the fourth highest electricity rates in the country last year. Rhode Island's entire renewable energy program represents about 10% of a ratepayer's monthly bill whereas the supply charge represents 41% and the transmission and distribution charges represent 38%.[8] Over the last

[7] While the Governor's proposal will reduce and stabilize the growth of the net-metering program and reduce future costs of the program, these first year and 5-year savings estimates are overstated. The Governor's original budget proposal (which reduced and locked the value of the credit at 17 cents (with no annual increases) and also required system owners to pay grid access fees totaling about $20 million (annually)) was estimated to save $175 million over 5 years. The revised proposal increases the locked rates to 19 cents (with annual increases) and removes the grid access fees. How does the revised proposal save over $80 million more than its more draconian predecessor? The answer appears to be that, in analyzing the original proposal, the Governor assumed that, with no legislative action, the current net-metering credit would increase at 2.5% annually in the next five years whereas, in analyzing this new proposal, the Governor assumes that the current net-metering credit rate will increase by 7.3% annually in the next five years. The savings are found in the delta between the locked-in credit rate and the current net-metering credit rate and, so, increasing the assumed increases in the current net-metering credit rate will increase the size of that delta and increase the concomitant savings.

[8] https://capitoltvri.cablecast.tv/show/11783 at Minute 31:03.

five years, RIE's supply and distribution costs have increased by 45.1%.[9] If Rhode Island is serious about addressing electricity costs in the State, legislators and/or regulators need to address the costs that make up nearly 80% of the electricity bill.

For example, supply charges reflect the price that the utility pays to third party generators for the electricity used by ratepayers. These charges are always more volatile in this State because Rhode Island generates a higher percentage of electricity from natural gas than any other state in the country. A hidden portion of supply charges are "retail premiums" which reflect third party generators' profits, transaction costs and supply risk assessments. Rhode Island Energy contracts for electricity supply 6 months ahead and so these generators must predict the future costs of the natural gas necessary to generate electricity under these contracts. These predictions are fraught because they rely on assumptions about weather, elections and international diplomacy. Like an insurance company, the generators build the risks of incorrect predictions into the rate premium which is ultimately passed onto the ratepayer. Recent reporting on Massachusetts' electricity procurement (which has the same procurement cycle as Rhode Island) found that, over the last decade, these retail premiums have accounted for 43% of supply costs.[10] In 2023 and 2024, these premiums cost Massachusetts ratepayers $47 per month. Other states have addressed rising retail premiums through spot market and block purchasing as well as increased reliance on long-term renewable energy contracting because solar and wind cannot charge retail premiums.

Distribution charges reflect the utility's cost to maintain grid infrastructure. These costs continue to grow as consumption rises and the electric infrastructure becomes increasingly constrained. The State's grid currently has more than 30 distribution feeders at least 80% constrained including 2 feeders which are over 100% constrained.[11] Without upgrades, these feeders will soon become, if they are not already, incapable of providing reliable service. There are various grid technologies (such as smart meters, batteries, and dynamic line ratings) that can be deployed to alleviate these constraints short of rebuilding the entire distribution system. In 2024, the General Assembly enacted the Energy Storage Act (S 2499-A) which required the utility company to study and propose tariffs to interconnect and compensate battery systems by May 1, 2025 to reduce distribution costs. As of the date of this testimony, no tariffs have been proposed. As of January of 2026, 43,594.1 MWs of energy storage systems have been installed across the country with another 60,328.7 MWs in development.[12] Massachusetts has installed 482.2 MWs of energy storage and Connecticut has 340 MWs in development. Rhode Island ranks 47th in the country with its one 3 MW utility-scale energy storage system located in the Pascoag Utility District. This one energy storage system saved Pascoag utility customers $12 million in transmission and distribution upgrades.[13]

Rhode Island's rising electricity costs are imposing significant burdens on its citizens. With the 4th highest rates in the country, it is no surprise that the Governor and the General Assembly are laser focused on reigning in these costs. The purpose of this testimony is not to contend that

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[9] *Id*. at Minute 13:07.

[10] https://www.synapse-energy.com/sites/default/files/Overcharged%20-%20Suppliers%27%20Retail%20Premiums%20are%20Inflating%20Massachusetts%20Electric%20Bills%2025-121.pdf

[11] https://experience.arcgis.com/experience/b7f446f95c6b4d548d694737c9e66846

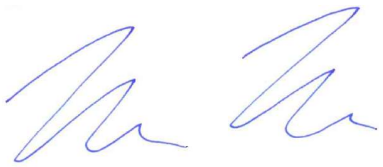
[12] https://www.eia.gov/electricity/data/eia860m/

[13] https://energy.ri.gov/press-releases/governor-mckee-pascoag-utility-district-announce-opening-rhode-islands-first-utility

the renewable energy industry should be immune from meaningfully participating in rate savings for Rhode Island Energy's customers. Revity appreciates the legislative appetite to reform the compensation rates in the net-metering program as part of those ratepayer savings. Revity simply urges the Committee to consider S 3272 as an approach that will deliver those savings but also give the renewable energy companies (and their financiers) legal certainty that this industry will not be subject to continuing reductions. Revity also encourages the Committee, at a time when electricity consumption is increasing, to consider the prudence of delivering ratepayer savings by taking close to 198 million kilowatt hours (150 MW) of renewable electricity out of the ground, as the Governor's revised Section 10, Article 11 proposes to do. The contracted rate locks contained in both Article 10 and S 3272 will deliver immediate and significant ratepayer savings—there is no need to cut future capacity by more than 50%. Long-term, structural savings must be secured through addressing the rising costs of supply, distribution and transmission (which make up 79% of a ratepayer bill). Absent legislative or regulatory reform, these structural cost drivers will quickly swallow any savings generated by cutting into the net-metering and energy efficiency programs and delaying the State's Act on Climate goals.

For these reasons, **Revity supports S 3272 and has limited opposition Section 10 of Article 11 of H7127**. If the Committee has any questions regarding S 3272, Section 10 or the statements made in this testimony, please contact my office.

Regards.



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