

# Rhode Island

## Solar Policy Survey

October 2016



The NESEMC Solar Policy Survey compiles information on state-level policies that significantly influence the solar energy market. The survey was produced with the help of the Pace Energy and Climate Center’s team of student researchers. The vast majority of the information contained within this document has been obtained from the [Database of State Incentives for Renewables & Efficiency](#) (DSIRE) with additional information and research obtained from various sources.

**Note:** These factsheets are updated periodically to reflect policy changes within each state. If you notice a mistake or out of date information, please contact Nick Martin at [nmartin@nesemc.com](mailto:nmartin@nesemc.com).

### SOLAR MARKET POLICIES

This document surveys the following solar market relevant policies:

POLICY	DESCRIPTION
<b>RENEWABLE ENERGY GOALS</b>	Does the state have enforceable and/or non-mandatory renewable energy goals? Do these goals include a specific solar PV carve out?
<b>SOLAR TARIFFS AND RATES</b>	How are solar PV customers impacted by utility tariffs and rates? Does the state offer net metering and/or value of solar tariffs? Do utilities impose high fixed charges or specific charges on solar customers?
<b>VIRTUAL NET METERING</b>	Can solar PV customers offset electricity purchases on multiple meters?
<b>COMMUNITY AND SHARED SOLAR</b>	Can multiple customers offset their electricity purchases from a single PV system?
<b>GREEN FINANCING</b>	Does the state support renewable energy financing through institutions like green banks or property assessed clean energy (PACE) financing?
<b>PERMITTING</b>	Has the state streamlined the solar PV permitting process?
<b>LICENSING</b>	What type of licensing is required to install solar PV systems? Are specialized solar PV or renewable energy licenses available?
<b>SOLAR RIGHTS AND ACCESS</b>	Does the state protect customers’ ability to install solar PV systems and access sunlight?
<b>OTHER FINANCIAL INCENTIVES</b>	Does the state offer financial incentives including grants, loans, tax credits, and/or tax exemptions?

## RENEWABLE ENERGY GOALS

### Goals and Mandates:

Rhode Island state law creates a renewable portfolio standard (RPS) requiring 38.5% of retail electricity sales to be supplied by renewable sources by 2035. In 2016, the requirement is 10% of retail sales, and it will increase by 1.5% each year until 2035.<sup>1</sup>

### Solar Carve Out:

Rhode Island does not have a solar specific renewable energy goal, however, the state's [Renewable Energy Growth](#) program aims to promote the installation of grid connected renewable energy, including solar. This is a tariff-based incentive program designed to finance all aspects of solar projects, including development, construction, and operation costs. The REG program has a target to install 160 MW of distributed renewable energy. It is a 15 to 20 year tariff at a fixed price offered by National Grid.

## SOLAR TARIFFS AND RATES

### NET METERING

Rhode Island state law mandates net metering for solar PV customers.<sup>2</sup>

### Maximum System Capacity:

Net metered systems may be up to 10MW per location.

### Aggregate Capacity Limit:

There is no aggregate capacity limit for Rhode Island's largest utility—National Grid. The state's two smaller utilities (serving <2% of total customers), Block Island Power Company and Pascoag Utility District, are capped at 3% of peak load.

### Applicable Entities:

All utilities are required to offer net metering.

### Excess Generation:

Excess generation up to 125% of the customer's usage will be paid credits worth the utilities avoid cost rate, unless a different plan is agreed to by the customer and utility.

### REC Ownership:

REC ownership is retained if net metered.

## VALUE OF SOLAR

Rhode Island's utilities do not offer any value of solar tariffs. The Acadia Center has analyzed the value of solar PV systems in Rhode Island. The [study](#) found solar PV energy values between 20 to 25 cents per kWh to the grid, with additional societal values of 7 cents per kWh.

<sup>1</sup> R.I. Gen. Laws § 39-26-1 et seq.

<sup>2</sup> R.I. Gen. Laws § 39-26.4

## VIRTUAL NET METERING

Rhode Island allows virtual net metering under strict limitations.

### **Maximum System Capacity:**

Net metered systems may be up to 10MW per location.

### **Aggregate Capacity Limit:**

Virtually net metered systems are included under the net metering program's aggregate capacity limit. There is no aggregate capacity limit for National Grid. Block Island Power Company and Pascoag Utility District are capped at 3% of peak load.

### **Compensation Rules:**

Beneficial accounts are credited the same as under the net metering program at the host's retail rate.

### **Limitations:**

Currently, residential systems may not virtually net meter. However, recent legislation ([H8354A](#), [S2450B](#)) creates a 30 MW pilot program to allow virtual net metering for residential and low- to moderate-income customers. Program details are to be defined through a PUC docket in Fall 2016.

## COMMUNITY AND SHARED SOLAR

Rhode Island does not currently allow for community or shared solar configurations.

## GREEN FINANCING

### **Green Bank:**

Rhode Island established the [Rhode Island Infrastructure Bank](#), which offers a number of green financing products.

From the Rhode Island Infrastructure Bank website:

“Rhode Island Infrastructure Bank (“RIIB”), formerly known as the Rhode Island Clean Water Finance Agency is a quasi-public agency which issues tax-exempt, AAA-rated bond securities, the proceeds of which are used to provide low cost financing to Rhode Island’s municipalities and sewer and water utilities for infrastructure projects to enhance the waters of the State. Recently enacted legislation changed the name of the agency and expanded its mission to establish and finance newly created programs for energy efficiency and renewable energy projects in public, commercial, and residential properties.”

### **PACE Financing:**

Authorized by state law, local governments may establish PACE financing programs.

The Rhode Island Infrastructure Bank has established a [Commercial](#) PACE financing program. Projects must be located in cities or towns that have opted into the program to be eligible for PACE financing.

### **Other Green Financing:**

[Efficient Building Fund](#) - A revolving loan fund to finance energy efficiency and renewable energy projects for municipally owned buildings and school facilities as well as quasi-governmental agency buildings.

## PERMITTING

### Standardization:

Rhode Island does not have a statewide standard application or fee for obtaining necessary permits for solar PV projects.

### Guidance:

State specific permitting guidance documents were not found for Rhode Island.

## LICENSING

In Rhode Island, solar PV installers must be [registered contractors](#), [qualified](#) to conduct business in the state, and all electrical work aspects of a PV installation must be done by a state licensed electrician.

Rhode Island offers a [Renewable Energy Professional](#) limited license. Holders of this license may perform ancillary non-electrical renewable energy work.

### Tied to Incentives:

Incentives are not specifically tied to licensure or certification, but they are implied, as required by regulations.

### Reciprocity:

Rhode Island does not offer reciprocity with other states for electrician or solar licensing.<sup>3</sup>

## SOLAR RIGHTS AND ACCESS

### Solar Rights:

Rhode Island does not have any state laws or regulations that specifically address solar rights.

### Solar Access:

State law requires that local zoning ordinances address solar access, but it does not stipulate how solar access is treated.<sup>4</sup>

State law explicitly allows for voluntary creation of easements for access to direct sunlight.<sup>5</sup>

## OTHER FINANCIAL INCENTIVES

### Grants/Rebates:

[Commercial Scale Renewable Energy Grants](#) - The Rhode Island Commerce Corporation (Commerce RI) seeks to fund commercial scale renewable energy projects to generate electricity for onsite consumption. Commerce RI provides incentives for renewable-energy projects.

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<sup>3</sup> [National Electrical Contractors Association](#)

<sup>4</sup> R.I. Gen. Laws § 45-24-33

<sup>5</sup> R.I. Gen. Laws § 34-40-2

[Small-Scale Solar Grants](#) - Commerce RI provides incentives for renewable-energy projects. Incentive programs are funded by the Rhode Island Renewable Energy Fund (REF) and alternative compliance payments (ACPs) from the state's renewable portfolios standard (RPS).

[Farm Energy Program](#) - Provides Agricultural Producers and Agriculture-based Small Businesses with current information on energy, grant opportunities and supportive events, and provides technical assistance in the form of grant writing to those eligible in Rhode Island applying for USDA Rural Development Rural Energy for America (REAP) grants.

**Tax Incentives:**

Residential Renewable Energy System Tax Credit - Rhode Island law provides 25% tax credit for installing PV systems, solar domestic hot water system, or active solar space heating. Applicants must be RI residents and must own or rent the solar system, only for third party ownership.

**Property Tax Exemptions:**

By ordinance, Rhode Island cities and towns can exempt solar energy systems (solar water and space heat, PV) from property taxation.

New PV systems, solar hot-water systems and active solar space-heating systems may not be assessed at more than the value of a conventional heating system, a conventional water-heating system, or energy production capacity that otherwise could be necessary to install in a building, for the purposes of determining local municipal property taxes.

Currently, the Rhode Island Office of Energy Resources and a group of stakeholders are in the process of developing a commercial property tax equation for calculating annual tangible property taxes. Existing negotiated PILOT or tax stabilization agreements for projects that have already been installed or in the pipeline will be exempt. This tax equation for commercial tangible tax will go into effect on Jan 1, 2017.

**Other Tax Exemptions:**

Renewable Energy Products Sales and use Tax Exemption - Solar water and space heat, solar thermal electric, solar PV, and solar pool heating sold in Rhode Island are exempt from the state's sales and use tax.

## About NESEMC



The **Northeast Solar Energy Market Coalition** brings together solar energy business associations and other stakeholders in the Northeast United States to harmonize regional solar energy policy and advance the solar energy market. We are funded by the U.S. Department of Energy SunShot Initiative as a cooperative agreement through 2017.

Our vision is a thriving, efficient regional market for solar photovoltaic energy generation in the Northeast.

We will realize our vision by encouraging and engaging regional solar businesses in advancing market policy to lower costs and increase solar market opportunity. We will educate stakeholders and policy makers throughout the region directly, and by empowering our member organizations with robust analysis and timely information.

Visit us at [NESEMC.com](http://NESEMC.com)

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