



Fact Sheet Regarding S-2690 - Distributed Generation Growth Program

This Fact Sheet pertains to Bill S-2690 (the “DG Bill”), a new bill currently pending in the Rhode Island General Assembly, which creates a new, expanded “Distributed Generation Growth Program.”

- The DG Bill establishes a program that provides for 160 megawatts (MW) of distributed generation over five years. This is a substantial expansion of the DG pilot program enacted by the General Assembly in 2011, which provided for 40 MW of projects over four years and has been consistently oversubscribed.
- The 2011 DG program resulted in 29 contracts for local renewable energy projects in 20 different Rhode Island municipalities. An Office of Energy Resources (OER) study determined that over 175 direct jobs were created in the first 18 months of the 2011 program. The new program is expected to bring significant additional jobs and economic benefits to Rhode Island. Additional DG in Rhode Island will also benefit the environment by reducing carbon and other air emissions.
- The DG Bill further benefits electricity consumers by encouraging the continuing downward trend in renewable energy prices. It does this by using a competitive bidding process for large and commercial-scale projects and by reducing developers’ financing costs through a guaranteed long-term revenue stream. The 2011 DG pilot program saw a steady and significant decline in the prices of renewable energy, including a 50% drop in solar prices in the program’s first two years.
- The DG Bill includes a carefully designed, innovative provision aimed at jump-starting an aggressive rooftop solar industry in Rhode Island. It saves residential and small business customers time and money by using the bidding data from the larger scale solar developers to develop a standard price for small-scale installations rather than having an additional bidding process. This linkage guarantees that as costs for larger projects decline, costs for smaller projects will also decline.
- The DG Bill substitutes a tariff-based payment program that has the same effect as long term contracts but addresses the utility’s concerns about the effect of long term contracts on its balance sheet. The tariff creates a right for each solar owner to receive fixed payments from the utility for all output of the solar facility for the specified term. It creates rights similar to a long-term contract, except that all of the terms and conditions are approved by the PUC, and the legal arrangement remains under the exclusive jurisdiction of the PUC.

- The DG Bill has an option for the utility to provide incentives in the form of an adder on the bid price to encourage the development of distributed generation in certain areas of need on the system or to encourage certain technological configurations or equipment.
- The DG Bill removes the statewide cap on net metering; this has been a longstanding goal of environmentalists and renewable energy developers.
- Customers participating in the DG Growth Program may net meter at the same time, with net metering and the DG Program incentives integrated to ensure that total compensation per kWh equals the incentive price during the tariff term.
- The DG Bill directs the Public Utilities Commission to open a proceeding, on or after July 1, 2015, to consider how rates are designed and to ensure that the costs of the distribution system are allocated fairly to all customers, in light of reduced deliveries of electricity due to the growth of DG and the success of energy efficiency, among other things. The outcome of the proceeding must be “revenue neutral” for the utility and thus it will result in no increase in costs to electricity customers.
- The DG Bill is a collaborative effort between National Grid, Office of Energy Resources (OER), stakeholders from the environmental community, and the clean energy business community. This includes the Conservation Law Foundation (CLF) and the New England Clean Energy Council (NECEC).

In sum, the DG Bill:

- Expands the 2011 DG program enacted by the General Assembly;
- Will create in-state jobs for Rhode Islanders;
- Will continue the downward trend in prices, thereby benefitting ratepayers;
- Is backed by the utility, Office of Energy Resources, developers, and environmentalists.