

**300-RICR-00-00-2**

## **TITLE 300 – OFFICE OF ENERGY RESOURCES**

### **CHAPTER 00 – NA**

### **SUBCHAPTER 00 – NA**

#### **PART 2 – Commercial Renewable Energy Systems Tangible Tax Value**

#### **2.1 Purpose**

- A. The purpose of these Regulations is to provide consistent and foreseeable tax treatment of renewable energy to facilitate and promote installation of grid-connected generation of renewable energy. The Office of Energy Resources shall adopt a statewide tangible tax value and formula, which shall be used by all municipalities utilizing ordinances and resolutions for commercial renewable energy systems proposed within their respective municipalities beginning on January 1, 2017.
- B. All existing municipal renewable energy ordinances and/or resolutions will need to be amended by town and city councils to reflect the requirements of the Regulation and the associated tax value and associated formula. Municipalities that plan on adopting first-time ordinances and/or resolutions for renewable energy will need to reflect the requirements of the Regulation and the associated tax value and associated formula in their respective ordinances and/or resolutions.
- C. Any renewable energy systems that are installed on residential and manufacturing properties, the renewable energy equipment are exempt from local taxation per R.I. Gen. Laws §§ 44-3-3(48) and (49).

#### **2.2 Scope**

These Rules and Regulations apply to towns and cities collecting tangible taxes from commercial renewable energy systems pursuant to R.I. Gen. Laws § 44-5-3. These Rules and Regulations only apply to towns and cities and do not apply to any other entities or instrumentalities that may have tax collecting authority but are not authorized to tax renewable energy systems under R.I. Gen. Laws § 44-5-3.

## **2.3 Applicability**

The adopted tangible tax value and formula shall take effect on January 1, 2017. Any renewable energy resource projects that have executed interconnection service agreements with the electric distribution company as of December 31, 2016, shall not be subject to the Rules developed under R.I. Gen. Laws § 44-5-3(c) and shall maintain the tax status applicable before the Rules are adopted, unless otherwise agreed pursuant to R.I. Gen. Laws § 44-3-9(a).

## **2.4 Authority**

These Regulations are promulgated pursuant to R.I. Gen. Laws Chapter 44-57, and in accordance with R.I. Gen. Laws Chapter 42-35, as amended, and grants the Office of Energy Resources the authority to adopt, amend and implement such Rules as may be necessary to desirable to effectuate the purposes of this Chapter.

## **2.5 Definitions**

- A. As used in these Rules and Regulations the following definitions will apply:
1. “A/C” means alternating current for the nameplate capacity of the commercial renewable energy system.
  2. “Eligible renewable energy resources” mean those technologies defined under R.I. Gen. Laws § 39-26-5.
  3. “\$/per kW” means the kilowatt/dollar/kilowatt amount adopted through the Regulations that municipalities will be compensated from a commercial renewable energy system annually.
  4. “Office” means the Rhode Island Office of Energy Resources.
  5. “REG program” means the Renewable Energy Growth Program where a renewable energy system sells electricity through a fifteen (15) or twenty (20) year tariff with National Grid.
  6. “Net metering” means a renewable energy system installed on a property that is offsetting electric bills pursuant to R.I. Gen. Laws § 39-26.4-1 *et seq.*
  7. “Virtual net metering” means a renewable energy system that is installed on private or public property where the off-taker of the electricity is a

municipality, public school, State or quasi-state public entity pursuant to R.I. Gen. Laws § 39-26.4-1 *et seq.*

## 2.6 Tangible Tax Value for Commercial Renewable Energy Systems

- A. The following formula and associated five dollar (\$5.00) per kW is adopted by the Office in establishing the tangible tax value for commercial renewable energy systems to provide reasonable compensation to a municipality effective January 1, 2017. All such municipal ordinances and resolutions assessing tangible tax on commercial renewable energy systems must apply the following dollar value and formula.

\$5.00 kW x \_\_\_\_\_ Kilowatt A/C Capacity of the Commercial Renewable Energy System

= \$ \_\_\_\_\_

1. Example 1: A 2 megawatt ground mount solar system that will be receiving a 20-year tariff under the REG program and selling the electricity back to National Grid.

\$5.00 kW X 2,000 kW A/C Capacity of the Commercial Renewable Energy System

=

\$10,000.00 annual revenue to the municipality

\$200,000.00 total revenue over the 20-year REG Program tariff to the municipality

2. Example 2: A 1.5 megawatt wind turbine system that will be receiving a 20-year tariff under the REG program and selling the electricity back to National Grid.

\$5.00 kW X 1,500 kW A/C Capacity of the Commercial Renewable Energy System

=

\$7,500.00 annual revenue to the municipality

\$150,000.00 total revenue over the 20-year REG Program tariff to the municipality

## **2.7 Municipal Tax Waiver Option for Renewable Systems Not Selling Power**

- A. Pursuant to R.I. Gen. Laws § 44-3-21, a town or city council may elect not to assess a tangible tax on all commercial renewable energy systems or specifically on net-metered systems that are strictly designed to offset and reduce electricity bills on a property and not developed for commercial revenue purposes. A town or city council would need to enact an ordinance to waive tangible taxes on those types of renewable systems.
- B. Any renewable energy systems that are installed on residential and manufacturing properties, the renewable energy equipment are exempt from local taxation per R.I. Gen. Laws §§ 44-3-3(48) and (49).

## **2.8 Reporting**

All commercial renewable energy systems shall be required to provide the municipality and respective tax assessor with a copy of the initial interconnection application and final interconnection service agreement and any documentation of program enrollment (e.g., renewable energy growth or net metering enrollment forms), indicating whether the commercial renewable energy system is either a REG, net-metered, or virtual net metered installation.

## **2.9 Severability**

If any provision of these Regulations, or the application thereof to any person or circumstance, is held invalid by a court of competent jurisdiction, the validity of the remainder of the Regulations shall not be affected thereby.

## **2.10 Application**

The terms and provisions of these Regulations shall be liberally construed to permit the Office to effectuate the purposes of State law, goals, and policies.

## **2.11 Effective Date**

The adopted Regulations and associated commercial renewable energy system tangible tax value shall remain in effect from January 1, ~~2017-2022~~ through January 1, ~~2022-2026~~ and the Office shall have the authority to review and

update these Regulations if deemed warranted by the Office. The Office shall make a determination on whether to update such Regulations by July 1, ~~2021~~2025.