



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

Department of Administration  
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**MEMORANDUM**

**To:** The Honorable Marvin L. Abney  
Chairman, House Finance Committee

The Honorable Daniel DaPonte  
Chairman, Senate Finance Committee

**From:** Thomas A. Mullaney *Thomas A. Mullaney*  
Executive Director/State Budget Officer

**Date:** May 4, 2016

**Subject:** Amendments to Article 18 of the FY 2017 Appropriations Act  
(16-H-7454)

The Governor requests that the following amendments and new sections be added to Article 18, entitled "Relating to Renewable Energy Programs". The amendments and sections to be added are described below:

**Section 1**

The original Article 18 had amended the Renewable Energy Fund to extend it for a period of five years. The amendment increases the extension from five to ten years.

**Section 2**

Section 2 amends §§ 39-26.4-2 and 39-26.4-3 of Chapter 39-26.4 entitled "Net Metering". The amendments include the following:

- Expands virtual net metering for affordable housing, low/moderate income housing, residential and private academic institution properties;
- Adds definitions for each of the new categories that can participate in the virtual net metering program;
- Allocates specific megawatt capacity to the new categories that can participate in the virtual net metering program and the rules for how those customers can participate;

- Changes the virtual net metering rate structure for renewable energy systems after January 1, 2040;

### **Section 3**

Section 3 amends several existing sections of Chapter 39-26.6 entitled “The Renewable Energy Growth Program” (REG). The amendments include the following:

- Creates new categories and definitions for Community Remote Distributed Generation and Solar Shared Renewable Energy Facilities to participate in the annual REG program;
- Enables the Office of Energy Resources to recover costs in implementing the annual REG programmatic functions; and
- Extends and expands the megawatt capacity of the REG program.

### **Section 4**

Section 4 adds a new section § 39-26.6-26 to Chapter 39-26.6 entitled “The Renewable Energy Growth Program” that provides the criteria and rules for Shared Solar Facility owners (multifamily, multi-structure business parks, etc.) to participate in the annual REG program.

Section 4 also adds a new section § 39-26.6-27 to Chapter 39-26.6 that includes the criteria and rules for Community Remote Distributed Generation Systems and associated customers to participate in the annual REG program.

### **Section 5**

The original Article 18 proposed an amendment in § 44-3-3 relating to renewable energy systems and local taxation. The Governor’s amendment eliminates this language and adds the following new language to exempt residential renewable energy systems put in service after December 31, 2015 from local property taxation and also to exempt such renewable energy systems used by a manufacturer.

(48) Renewable energy resources as defined in § 39-26-5 used in residential systems and associated equipment used therewith in service after December 31, 2015.

(49) Renewable energy resources, as defined in § 39-26-5, if employed by a manufacturer, as defined in § 44-3-3(a)(20)(iii), shall be exempt from taxation in accordance with § 44-3-3(a)(22).

In addition, the following language has been added to section § 44-3-9 to authorize cities and towns to enter into tax stabilization agreements for renewable energy systems:

(g) Renewable energy resources as defined in § 39-26-5 qualify for tax stabilization agreements pursuant to § 44-3-9(a).

## Section 6

Section 6 amends R.I. General Law § 44-5-3 as follows:

- Establishes a statewide property tax rate that commercial renewable energy systems would be required to pay to municipalities; this commercial renewable energy system tax rate would have to be used by all municipalities effective January 1, 2017;
- Establishes that the commercial renewable energy system tax rate would be established through rules and regulations adopted by the Office of Energy Resources in consultation with the Division of Taxation and the Division of Municipal Finance in the Department of Revenue;
- Exempts renewable energy systems used by residential and manufacturer properties from tangible property taxation.

## Section 7

Section 7 provides an effective date of "upon passage".

If you have any questions regarding the amendments and new sections added to Article 18, please feel free to contact me at 222-6300 or Chris Kearns from the Office of Energy Resources at 787-4748.

TAM: 17-Amend-10  
Attachment

cc: Sharon Reynolds Ferland, House Fiscal Advisor  
Stephen Whitney, Senate Fiscal Advisor  
Michael DiBiase, Director of Administration  
Jonathan Womer, Director, Office of Management and Budget  
Marion Gold, Commissioner, Office of Energy Resources  
Christopher Kearns, Office of Energy Resources  
Gregory Stack, Supervising Budget Analyst

## ARTICLE 18 (Revised 5/3/16)

### RELATING TO RENEWABLE ENERGY PROGRAMS

SECTION 1. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of Utilities and Carriers" is hereby amended to read as follows:

**§ 39-2-1.2. Utility base rate – Advertising, demand side management and renewables. – (a)**

In addition to costs prohibited in § 39-1-27.4(b), no public utility distributing or providing heat, electricity, or water to or for the public shall include as part of its base rate any expenses for advertising, either direct or indirect, which promotes the use of its product or service, or is designed to promote the public image of the industry. No public utility may furnish support of any kind, direct, or indirect, to any subsidiary, group, association, or individual for advertising and include the expense as part of its base rate. Nothing contained in this section shall be deemed as prohibiting the inclusion in the base rate of expenses incurred for advertising, informational or educational in nature, which is designed to promote public safety conservation of the public utility's product or service. The public utilities commission shall promulgate such rules and regulations as are necessary to require public disclosure of all advertising expenses of any kind, direct or indirect, and to otherwise effectuate the provisions of this section.

(b) Effective as of January 1, 2008, and for a period of fifteen (15) years thereafter, each electric distribution company shall include a charge per kilowatt-hour delivered to fund demand side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy programs shall remain in effect until December 31, 2017~~27~~. The electric distribution company shall establish and, after July 1, 2007, maintain two (2) separate accounts, one for demand side management programs (the "demand side account"), which shall be funded by the electric demand side charge and administered and implemented by the distribution company, subject to the regulatory reviewing authority of the commission, and one for renewable energy programs, which shall be administered by the Rhode Island commerce corporation pursuant to § 42-64-13.2 and, shall be held and disbursed by the distribution company as directed by the Rhode Island commerce corporation for the purposes of developing, promoting and supporting renewable energy programs.

During the time periods established in § 39-2-1.2(b), the commission may, in its discretion, after notice and public hearing, increase the sums for demand side management and renewable resources. In addition, the commission shall, after notice and public hearing, determine the appropriate charge for these programs. The office of energy resources and/or the administrator of the renewable energy programs may seek to secure for the state an equitable and reasonable portion of renewable energy credits or certificates created by private projects funded through those programs. As used in this section, "renewable energy resources" shall mean: (1) power generation technologies as defined in § 39-26-5, "eligible renewable energy resources", including off-grid and on-grid generating technologies located in Rhode Island as a priority; (2) research and development activities in Rhode Island pertaining to eligible renewable energy resources and to other renewable energy technologies for electrical generation; or (3) projects and activities directly related to implementing eligible renewable energy resources projects in Rhode Island. Technologies for converting solar energy for space heating or generating domestic hot water may also be funded through the renewable energy programs. Fuel cells may be considered an energy efficiency technology to be included in demand sided management programs. Special rates for low-income customers in effect as of August 7, 1996 shall be continued, and the costs of all of these discounts shall be included in the distribution rates charged to all other customers. Nothing in this section shall be construed as prohibiting an electric distribution company from offering any special rates or programs for low-income customers which are not in effect as of August 7, 1996, subject to the approval by the commission.

(1) The renewable energy investment programs shall be administered pursuant to rules established by the Rhode Island commerce corporation. Said rules shall provide transparent criteria to rank qualified renewable energy projects, giving consideration to:

- (i) the feasibility of project completion;
  - (ii) the anticipated amount of renewable energy the project will produce;
  - (iii) the potential of the project to mitigate energy costs over the life of the project; and
  - (iv) the estimated cost per kilo-watt hour (kwh) of the energy produced from the project.
- (c) [Deleted by P.L. 2012, ch. 241, art. 4, § 14].

(d) The executive director of the ~~economic development~~ commerce corporation is authorized and may enter into a contract with a contractor for the cost effective administration of the renewable energy programs funded by this section. A competitive bid and contract award for administration of the renewable energy programs may occur every three (3) years and shall include as a condition that after July 1, 2008 the account for the renewable energy programs shall be maintained and administered by the ~~economic development~~ commerce corporation as provided for in subdivision (b) above.

(e) Effective January 1, 2007, and for a period of sixteen (16) years thereafter, each gas distribution company shall include, with the approval of the commission, a charge per deca therm delivered to fund demand side management programs (the "gas demand side charge"), including, but not limited to, programs for cost-effective energy efficiency, energy conservation, combined heat and power systems, and weatherization services for low income households.

(f) Each gas company shall establish a separate account for demand side management programs (the "gas demand side account"), which shall be funded by the gas demand side charge and administered and implemented by the distribution company, subject to the regulatory reviewing authority of the commission. The commission may establish administrative mechanisms and procedures that are similar to those for electric demand side management programs administered under the jurisdiction of the commissions and that are designed to achieve cost-effectiveness and high life-time savings of efficiency measures supported by the program.

(g) The commission may, if reasonable and feasible, except from this demand side management charge:

(i) gas used for distribution generation; and

(ii) gas used for the manufacturing processes, where the customer has established a self-directed program to invest in and achieve best effective energy efficiency in accordance with a plan approved by the commission and subject to periodic review and approval by the commission, which plan shall require annual reporting of the amount invested and the return on investments in terms of gas savings.

(h) The commission may provide for the coordinated and/or integrated administration of electric and gas demand side management programs in order to enhance the effectiveness of the programs. Such coordinated and/or integrated administration may after March 1, 2009, upon the recommendation of the office of energy resources, be through one or more third-party entities designated by the commission pursuant to a competitive selection process.

(i) Effective January 1, 2007, the commission shall allocate from demand-side management gas and electric funds authorized pursuant to this § 39-2-1.2, an amount not to exceed two percent (2%) of such funds on an annual basis for the retention of expert consultants, and reasonable administrations costs of the energy efficiency and resources management council associated with planning, management, and evaluation of energy efficiency programs, renewable energy programs, system reliability least-cost procurement, and with regulatory proceedings, contested cases, and other actions pertaining to the purposes, powers and duties of the council, which allocation may by mutual agreement, be used in coordination with the office of energy resources to support such activities.

(j) Effective January 1, 2016, the commission shall annually allocate from the administrative funding amount allocated in (i) from the demand-side management program as described in subsection (i) as follows: fifty percent (50%) for the purposes identified in subsection (i) and fifty percent (50%) annually to the office of energy resources for activities associated with planning management, and evaluation of energy efficiency programs, renewable energy programs, system reliability, least-cost procurement, and with regulatory proceedings, contested cases, and other actions pertaining to the purposes, powers and duties of the office of energy resources.

(k) On April 15, of each year the office and the council shall submit to the governor, the president of the senate, and the speaker of the house of representatives, separate financial and performance reports regarding the demand-side management programs, including the specific level of funds that were contributed by the residential, municipal, and commercial and industrial sectors to the overall programs; the businesses, vendors, and institutions that received funding from demand-side management gas and electric funds used for the purposes in § 39-2-1.2; and the businesses, vendors, and institutions that received

the administrative funds for the purposes in sections 39-2-1.2(i) and 39-2-1.2(j). These reports shall be posted electronically on the websites of the office of energy resources and the energy efficiency resource management council.

(l) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank, each electric distribution company, except for the Pascoag Utility District and Block Island Power Company, shall remit two percent (2%) of the amount of the 2014 electric demand side charge collections to the Rhode Island infrastructure bank in accordance with the terms of § 46-12.2-14.1.

(m) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank, each gas distribution company shall remit two percent (2%) of the amount of the 2014 gas demand side charge collections to the Rhode Island infrastructure bank in accordance with the terms of § 46-12.2-14.1.

SECTION 2. Sections 39-26.4-2 and 39-26.4-3 of the General Laws in Chapter 39-26.4 entitled "Net Metering" are hereby amended to read as follows:

**§ 39-26.4-2. Definitions.** – Terms not defined in this section herein shall have the same meaning as contained in chapter 26 of title 39 of the general laws. When used in this chapter:

(1) "Community Remote Net Metering System" means a facility generating electricity using an eligible net metering resource which allocates net metering credits to a minimum of three (3) eligible credit recipient customer accounts, provided that no more than 50% of the credits produced by the system are allocated to one eligible credit recipient, and provided further at least 50% of the credits produced by the system are allocated to the remaining eligible credit recipients in an amount not to exceed that which is produced annually by 25 kW AC capacity. The community remote net metering system may transfer credits to eligible credit recipients in an amount that is equal to or less than the sum of the usage of the eligible credit recipient accounts measured by the three (3) year average annual consumption of energy over the previous three (3) years. A projected annual consumption of energy may be used until the actual three (3) year average annual consumption of energy over the previous three (3) years at the eligible credit recipient accounts becomes available for use in determining eligibility of the generating system. The community



remote net metering system may be owned by the same entity that is the customer of record on the net metered account or may be owned by a third party.

(2) "Electric Distribution Company" shall have the same meaning as § 39-1-2(12), but shall not include block island power company or pascoag utility district, each of whom shall be required to offer net metering to customers through a tariff approved by the public utilities commission after a public hearing. Any tariff or policy on file with the public utilities commission on the date of passage of this chapter shall remain in effect until the commission approves a new tariff.

(3) "Eligible Credit Recipient" means one of the following eligible recipients in the electric distribution company's service territory whose electric service account or accounts may receive net metering credits from a community remote net metering system. Eligible credit recipients include the following definitions:

(a) Residential accounts in good standing.

(b) "Private Affordable Housing Eligible Credit Recipient" means an electric service account or accounts in good standing belonging to a private, non-profit corporation, co-operative, mutual ownership or similar non-taxable entity associated with an affordable housing structure complex with greater than five (5) dwelling units for sale or rent with combined rental costs or combined mortgage loan debt service, property taxes, and required insurance that do not exceed thirty percent (30%) of the gross annual income of a household earning up to eighty percent (80%) of the area median income, as defined annually by the United States Department of Housing and Urban Development. The value of the credits shall be used to provide a direct benefit to tenants of the affordable housing structure complex.

(c) "Private Education Institution Eligible Credit Recipient" means an electric service account or accounts in good standing associated with a private preschool, elementary or secondary school, or private institution of vocational, professional, or higher education.

(d) "Low or Moderate Income Housing Eligible Credit Recipient" means an electric service account or accounts in good standing associated with any housing development or developments owned operated by a public agency, nonprofit organization, limited equity housing cooperative or private developer, that

receives assistance under any federal, state, or municipal government program to assist the construction or rehabilitation of housing affordable to low- or moderate-income households, as defined in the applicable federal or state statute, or local ordinance, encumbered by a deed restriction or other covenant recorded in the land records of the municipality in which the housing is located, that (i) restricts occupancy of the housing to households with a gross annual income that does not exceed eighty percent (80%) of the area median income as defined annually by the United States Department of Housing and Urban Development (HUD), (ii) restricts the monthly rent, including a utility allowance, that may be charged to residents, to an amount that does not exceed thirty percent (30%) of the gross monthly income of a household earning eight percent (80%) of the area median income as defined annually by HUD, (iii) that has an original term of not less than thirty (30) years from initial occupancy. Electric service account or accounts in good standing associated with housing developments that are under common ownership or control may be considered a single Low or Moderate Income Housing Eligible Credit Recipient for purposes of this section. The value of the credits shall be used to provide a direct benefit to tenants of the low or moderate income housing.

(1)(4) "Eligible net metering resource" means eligible renewable energy resource as defined in § 39-26-5 including biogas created as a result of anaerobic digestion, but, specifically excluding all other listed eligible biomass fuels;

(2)(5) "Eligible Net Metering System" means a facility generating electricity using an eligible net metering resource that is reasonably designed and sized to annually produce electricity in an amount that is equal to or less than the renewable self-generator's usage at the eligible net metering system site measured by the three (3) year average annual consumption of energy over the previous three (3) years at the electric distribution account(s) located at the eligible net metering system site. A projected annual consumption of energy may be used until the actual three (3) year average annual consumption of energy over the previous three (3) years at the electric distribution account(s) located at the eligible net metering system site becomes available for use in determining eligibility of the generating system. The eligible net metering system must may be owned by the same entity that is the customer of record on the net metered accounts, or may be owned by a third party that is not the customer of record at the eligible net metering system site and which

may offer a third party net metering financing arrangement or public entity net metering financing arrangement, as applicable. Notwithstanding any other provisions of this chapter, any eligible net metering resource: (i) owned by a public entity or multi-municipal collaborative or (ii) owned and operated by a renewable generation developer on behalf of a public entity or multi-municipal collaborative through public entity net metering financing arrangement shall be treated as an eligible net metering system and all accounts designated by the public entity or multi-municipal collaborative for net metering shall be treated as accounts eligible for net metering within an eligible net metering system site.

(3)(6) "Eligible Net Metering System Site" means the site where the eligible net metering system or community remote net metering system is located or is part of the same campus or complex of sites contiguous to one another and the site where the eligible net metering system or community remote net metering system is located or a farm in which the eligible net metering system or community remote net metering system is located. Except for an eligible net metering system owned by or operated on behalf of a public entity or multi-municipal collaborative through a public entity net metering financing arrangement, or except for community remote net metering systems, the purpose of this definition is to reasonably assure that energy generated by the eligible net metering system is consumed by net metered electric service account(s) that are actually located in the same geographical location as the eligible net metering system. Except for an eligible net metering system owned by or operated on behalf of a public entity or multi-municipal collaborative through a public entity net metering financing arrangement, or except for a community remote net metering system, all of the net metered accounts at the eligible net metering system site must be the accounts of the same customer of record and customers are not permitted to enter into agreements or arrangements to change the name on accounts for the purpose of artificially expanding the eligible net metering system site to contiguous sites in an attempt to avoid this restriction. However, a property owner may change the nature of the metered service at the accounts at the site to be master metered in the owner's name, or become the customer of record for each of the accounts, provided that the owner becoming the customer of record actually owns the property at which the account is located. As long as the

net metered accounts meet the requirements set forth in this definition, there is no limit on the number of accounts that may be net metered within the eligible net metering system site.

(4)(7) "Excess Renewable Net Metering Credit" means a credit that applies to an eligible net metering system or community remote net metering system for that portion of the ~~renewable self-generator's~~ production of ~~electricity~~ electrical energy beyond one hundred percent (100%) and no greater than one hundred twenty-five percent (125%) of the renewable self-generator's own consumption at the eligible net metering system site or the sum of the usage of the eligible credit recipient accounts associated with the community remote net metering system during the applicable billing period. Such excess renewable net metering credit shall be equal to the electric distribution company's avoided cost rate, which is hereby declared to be the electric distribution company's standard offer service kilo-watt hour (kWh) charge for the rate class and time-of-use billing period (if applicable) applicable to the customer of record distribution customer account(s) at for the eligible net metering system site or applicable to the customer of record for the community remote net metering system. ~~by customer accounts, in the aggregate of the eligible remote net metering system. Where there are accounts at the eligible net metering system site in different rate classes, the electric distribution company may calculate the excess renewable net metering credit based on the average of the standard offer service rates applicable to those on-site accounts. The electric distribution company has the option to use the energy received from such excess generation to serve the standard offer service load.~~ The commission shall have the authority to make determinations as to the applicability of this credit to specific generation facilities to the extent there is any uncertainty or disagreement.

(5)(8) "Farm" shall be defined in accordance with § 44-27-2, except that all buildings associated with the farm shall be eligible for net metering credits as long as: (i) The buildings are owned by the same entity operating the farm or persons associated with operating the farm; and (ii) The buildings are on the same farmland as the project on either a tract of land contiguous with or reasonably proximate to such farmland or across a public way from such farmland.

~~(6)(9)~~ "Multi-municipal collaborative" means a group of towns and/or cities that enter into an agreement for the purpose of co-owning a renewable generation facility or entering into a financing arrangement pursuant to subdivision ~~(7)(10)~~.

~~(7)(10)~~ "Public entity net metering financing arrangement" means arrangements entered into by a public entity or multi-municipal collaborative with a private entity to facilitate the financing and operation of a net metering resource, in which the private entity owns and operates an eligible net metering resource on behalf of a public entity or multi-municipal collaborative, where: (i) The eligible net metering resource is located on property owned or controlled by the public entity or one of the municipalities, as applicable, and (ii) The production from the eligible net metering resource and primary compensation paid by the public entity or multi-municipal collaborative to the private entity for such production is directly tied to the consumption of electricity occurring at the designated net metered accounts.

~~(8)(11)~~ "Net metering" means using ~~electricity~~ electrical energy and power generated by an eligible net metering system for the purpose of self-supplying electrical energy and power at the eligible net metering system site or, with respect to a community remote net metering system, for the purpose of generating net metering credits to be applied to the electric bills of the eligible credit recipients associated with the community remote net metering system. The amount so generated will and thereby offsetting consumption at the eligible net metering system site through the netting process established in this chapter, or with respect to a community remote net metering system, the amounts generated in excess of that amount will result in credits being applied to the eligible credit recipient accounts associated with the community remote net metering system.

~~(9)(12)~~ "Net metering customer" means a customer of the electric distribution company receiving and being billed for distribution service whose distribution account(s) are being net metered.

~~(10)(13)~~ "Person" means an individual, firm, corporation, association, partnership, farm, town or city of the State of Rhode Island, multi-municipal collaborative, or the State of Rhode Island or any department of the state government, governmental agency or public instrumentality of the state.

~~(11)~~(14) "Project" means a distinct installation of an eligible net metering system or a community remote net metering system. An installation will be considered distinct if it is installed in a different location, or at a different time, or involves a different type of renewable energy.

~~(12)~~(15) "Public entity" means the state of Rhode Island, municipalities, publicly-owned wastewater treatment facilities, public educational institutions including preschool, elementary or secondary school, or private institution of vocational, professional, or higher education, public transit agencies or any publicly-owned water distributing plant or system employed for the distribution of water to the consuming public within this state including the water supply board of the city of Providence.

~~(13)~~(16) "Renewable Net Metering Credit" means a credit that applies to an Eligible Net Metering System or a community remote net metering system up to one hundred percent (100%) of either the renewable self-generator's usage at the Eligible Net Metering System Site or the sum of the usage of the eligible credit recipient accounts associated with the community remote net metering system over the applicable billing period. This credit shall be equal to the total kilowatt hours of electricity electrical energy generated up to the amount the and consumed on-site, and/or generated up to the sum of the eligible credit recipient account usage during the billing period multiplied by the sum of the electric distribution company's:

(i) Standard offer service kilowatt hour charge for the rate class applicable to the net metering customer, except that for remote public entity and multi-municipal collaborative net metering systems that submit an application for an interconnection study on or after July 1, 2017 and community remote net metering systems, the standard offer service kilowatt hour charge shall be net of the renewable energy standard charge or credit;

(ii) Distribution kilowatt hour charge, except that for community remote net metering systems the renewable net metering credit shall not include the distribution kilowatt hour charge;

(iii) Transmission kilowatt hour charge; and

(iv) Transition kilowatt hour charge.

Notwithstanding the foregoing, except for systems that have requested an interconnection study for which payment has been received by the distribution company, or if an interconnection study is not required, a completed and paid interconnection application, by December 31, 2016, the renewable net metering credit for all remote public entity and multi-municipal collaborative net metering systems shall be calculated in the same manner as community remote net metering systems described above commencing on January 1, 2040.

(14)(17) "Renewable self-generator" means an electric distribution service customer of record for the eligible net metering system or community remote net metering system at the eligible net metering system site who installs or arranges for an installation of renewable generation that is which system is primarily designed to produce electricity electrical energy for consumption by that same customer at its distribution service account(s); and/or, with respect to community remote net metering systems, electrical energy which generates net metering credits to be applied to offset the eligible credit recipient account usage.

(15)(18) "Municipality" means any Rhode Island town or city, including any agency or instrumentality thereof, with the powers set forth in title 45 of the general laws.

(19) "Third Party" means and includes any person or entity other than the renewable self-generator who owns or operates the eligible net metering system or community remote net metering system on the eligible net metering system site for the benefit of the renewable self-generator.

(20) "Third Party Net Metering Financing Arrangement" means the financing of eligible net metering systems or community remote net metering systems through lease arrangements or power/credit purchase agreements between a third party and renewable self-generator, except for those entities under a public entity net metering finance arrangement. A third party engaged in providing financing arrangements related to such net metering systems with a public or private entity is not a public utility as defined in Rhode Island General Laws Title 39, Chapter 39-1, section 39-1-2(20).

§ 39-26.4-3. Net metering. – (a) The following policies regarding net metering of electricity from eligible net metering systems and community remote net metering systems and regarding any person that is a renewable self-generator shall apply:

(1) The maximum, allowable capacity for an eligible net metering systems and a community remote net metering systems, based on nameplate capacity, shall be five ten megawatts (\$ 10 mw). Through December 31, 2018, the maximum aggregate amount of community remote net metering systems built shall be 17.5 MW. Any of the unused MW amount after December 31, 2018 shall remain available to community remote net metering systems until the MW aggregate amount is interconnected. After December 31, 2018, the commission may expand the aggregate amount after a public hearing upon petition by the office of energy resources. The commission shall determine within six (6) months of such petition being docketed by the commission whether the benefits of the proposed expansion exceed the cost. This aggregate amount shall not apply to public entity facilities or multi-municipal collaborative facilities. The aggregate amount of net metering in the Block Island Power Company and the Pascoag Utility District shall not exceed three percent (3%) of peak load for each utility district.

(2) For ease of administering net-metered accounts and stabilizing net metered account bills, the electric-distribution company may elect (but is not required) to estimate for any twelve-month (12) period:

(i) The production from the eligible net metering system or community remote net metering system;  
and

(ii) Aggregate consumption of the net-metered accounts at the eligible net-metering system site or the sum of the consumption of the eligible credit recipient accounts associated with the community remote net metering system, and establish a monthly billing plan that reflects the expected credits that would be applied to the net-metered accounts over twelve (12) months. The billing plan would be designed to even out monthly billings over twelve (12) months, regardless of actual production and usage. If such election is made by the electric-distribution company, the electric-distribution company would reconcile payments and credits under the billing plan to actual production and consumption at the end of the twelve-month (12) period and apply any credits or charges to the net-metered accounts for any positive or negative difference;



as applicable. Should there be a material change in circumstances at the eligible net-metering system site or associated accounts during the twelve-month (12) period, the estimates and credits may be adjusted by the electric-distribution company during the reconciliation period. The electric-distribution company also may elect (but is not required) to issue checks to any net metering customer in lieu of billing credits or carry forward credits or charges to the next billing period. For residential eligible net metering systems and community remote net metering systems twenty-five kilowatts (25 kw) or smaller, the electric-distribution company, at its option, may administer renewable net-metering credits month to month allowing unused credits to carry forward into the following billing period.

(3) If the electricity generated by an eligible net metering system or community remote net metering system during a billing period is equal to, or less than the net-metering customer's usage at the eligible net metering system site or the sum of the usage of the eligible credit recipient accounts associated with the community remote net metering system during the billing period ~~for electric-distribution company customer accounts at the eligible net metering system site~~, the customer shall receive renewable net-metering credits, that shall be applied to offset the net-metering customer's usage on accounts at the eligible net metering system site, or shall be used to credit the eligible credit recipient's electric account.

(4) If the electricity generated by an eligible net metering system or community remote net metering system during a billing period is greater than the net-metering customer's usage ~~on accounts at the eligible net metering system site~~ or the sum of the usage of the eligible credit recipient accounts associated with the community remote net metering system during the billing period, the customer shall be paid by excess renewable net-metering credits for the excess electricity generated up to an additional twenty-five percent (25%) beyond the net-metering customer's usage at the eligible net-metering-system site, or the sum of the usage of the eligible credit recipient accounts associated with the community remote net metering system ~~up to an additional twenty-five percent (25%) of the renewable self-generator's consumption during the billing period~~; unless the electric-distribution company and net-metering customer have agreed to a billing plan pursuant to subdivision (3).

(5) The rates applicable to any net-metered account shall be the same as those that apply to the rate classification that would be applicable to such account in the absence of net-metering, including customer and demand charges, ~~and no other charges may be imposed to offset net metering credits.~~

(b) The commission shall exempt electric-distribution company customer accounts associated with an eligible, net-metering system from back-up or standby rates commensurate with the size of the eligible net-metering system, provided that any revenue shortfall caused by any such exemption shall be fully recovered by the electric distribution company through rates.

(c) Any prudent and reasonable costs incurred by the electric-distribution company pursuant to achieving compliance with subsection (a) and the annual amount ~~of the distribution components~~ of any renewable net-metering credits or excess, renewable net-metering credits, provided to accounts associated with eligible net-metering systems or community remote net metering systems, shall be aggregated by the distribution company and billed to all distribution customers on an annual basis through a uniform, per-kilowatt-hour (kwh) surcharge embedded in the distribution component of the rates reflected on customer bills.

(d) The billing process set out in this section shall be applicable to electric-distribution companies thirty (30) days after the enactment of this chapter.

SECTION 3. Sections 39-26.6-3, 39-26.6-4, 39-26.6-5, 39-26.6-7, 39-26.6-12 and 39-26.6-21 of the General Laws in Chapter 39-26.6 entitled "The Renewable Energy Growth Program" are hereby amended to read as follows:

**§ 39-26.6-3. Definitions.** – When used in this chapter, the following terms shall have the following meanings:

(1) "Commission" means the Rhode Island public utilities commission.

(2) "Board" shall mean the distributed-generation board as established pursuant to the provisions of § 39-26.2-10 under the title distributed generation standard contract board, but shall also fulfill the responsibilities set forth in this chapter.

(3) "Commercial-scale solar project" means a solar distributed generation project with the nameplate capacity specified in § 39-26.6-7.

(4) "Distributed generation facility" means an electrical generation facility located in the electric distribution company's load zone with a nameplate capacity no greater than five megawatts (5 MW), using eligible renewable energy resources as defined by § 39-26-5, including biogas created as a result of anaerobic digestion, but, specifically excluding all other listed eligible biomass fuels, and connected to an electrical power system owned, controlled, or operated by the electric distribution company. For purposes of this chapter, a distributed generation facility must be a new resource that:

(i) Has not begun operation;

(ii) Is not under construction, but excluding preparatory site work that is less than twenty-five percent (25%) of the estimated total project cost; and

(iii) Except for small-scale solar projects, does not have in place investment or lending agreements necessary to finance the construction of the facility prior to the submittal of an application or bid for which the payment of performance-based incentives are sought under this chapter except to the extent that such financing agreements are conditioned upon the project owner being awarded performance-based incentives under the provisions of this chapter. For purposes of this definition, pre-existing hydro generation shall be exempt from the provisions of subsection (i) of this section, regarding operation, if the hydro-generation facility will need a material investment to restore or maintain reliable and efficient operation and meet all regulatory, environmental, or operational requirements. For purposes of this provision, "material investment" shall mean investment necessary to allow the project to qualify as a new, renewable-energy resource under § 39-26-2(2). To be eligible for this exemption, the hydro-project developer at the time of submitting a bid in the applicable procurement must provide reasonable evidence with its bid application showing the level of investment needed, along with any other facts that support a finding that the investment is material, the determination of which shall be a part of the bid review process set forth in § 39-26.6-16 for the award of bids.

(5) "Community Remote Distributed Generation System" means a distributed generation facility greater than 250 kW nameplate direct current which allocates bill credits for each kilowatt hour (kWh) generated to a minimum of three (3) eligible recipient customer accounts, provided that no more than 50% of the credits produced by the system are allocated to one eligible recipient customer account, and provided further that at least 50% of the credits produced by the system are allocated to eligible recipients in an amount not to exceed that which is produced annually by 25 kW AC capacity. The community remote distributed generation system may transfer credits to eligible recipient customer accounts in an amount that is equal to or less than the sum of the usage of the eligible recipient customer accounts measured by the three (3) year average annual consumption of energy over the previous three (3) years. A projected annual consumption of energy may be used until the actual three (3) year average annual consumption of energy over the previous three (3) years at the eligible recipient customer accounts becomes available for use in determining eligibility of the generating system. The community remote distributed generation system may be owned by the same entity that is the customer of record on the net metered account or may be owned by a third party.

(5)(6) "Distributed-generation project" means a distinct installation of a distributed-generation facility. An installation will be considered distinct if it does not violate the segmentation prohibition set forth in § 39-26.6-9.

(6)(7) "Electric distribution company" means a company defined in § 39-1-2(12), supplying standard-offer service, last-resort service, or any successor service to end-use customers, but not including the Block Island Power Company or the Pascoag Utility District.

(7)(8) "ISO-NE" means Independent System Operator-New England, the Regional Transmission Organization for New England designated by the Federal Energy Regulatory Commission.

(8)(9) "Large distributed-generation project" means a distributed-generation project that has a nameplate capacity that exceeds the size of a small, distributed-generation project in a given year, but is no greater than five megawatts (5 MW) nameplate capacity.

(9)(10) "Large-scale solar project" means a solar distributed-generation project with the nameplate capacity specified in § 39-26.6-7.

(10)(11) "Medium-scale solar project" means a solar distributed-generation project with the nameplate capacity specified in § 39-26.6-7.

(11)(12) "Office" means the Rhode Island office of energy resources.

(12)(13) "Program year" means a year beginning April 1 and ending March 31, except for the first program year, that may commence after April 1, 2015, subject to commission approval.

(13)(14) "Renewable energy classes" means categories for different renewable-energy technologies using eligible renewable-energy resources as defined by § 39-26-5, including biogas created as a result of anaerobic digestion, but, specifically excluding all other listed eligible biomass fuels specified in § 39-26-2(6). For each program year, in addition to the classes of solar distributed-generation specified in § 39-26.6-7, the board shall determine the renewable-energy classes as are reasonably feasible for use in meeting distributed-generation objectives from renewable-energy resources and are consistent with the goal of meeting the annual target for the program year. The board may make recommendations to the commission to add, eliminate, or adjust renewable-energy classes for each program year, provided that the solar classifications set forth in § 39-26.6-7 shall remain in effect for at least the first two (2) program years and no distributed-generation project may exceed five megawatts (5MW) of nameplate capacity.

(14)(15) "Renewable-energy certificate" means a New England Generation Information System renewable energy certificate as defined in § 39-26-2(13).

(16) "Shared Solar Facility" means a single small-scale or medium-scale solar facility that must allocate bill credits to at least two (2) and no more than fifty (50) accounts in the same customer class and on the same or adjacent parcels of land. Public Entities may allocate such bill credits to at least two (2) and up to fifty (50) accounts without regard to physical location so long as the facility and accounts are within the same municipality. In no case will the annual allocated credits in kWh exceed the prior three (3) year annual average usage, less any reductions for verified energy efficiency measures installed at the customer premises, of the customer account to which the bill credits are transferred.

(15)(17) "Small-scale solar project" means a solar distributed-generation project with the nameplate capacity specified in § 39-26.6-7.

(16)(18) "Small distributed-generation project" means a distributed generation renewable energy project that has a nameplate capacity within the following: Wind: fifty kilowatts (50 KW) to one and one-half megawatts (1.5 MW); small-scale solar projects and medium-scale solar projects with the capacity limits as specified in § 39-26.6-7. For technologies other than solar and wind, the board shall set the nameplate capacity size limits, but such limits may not exceed one (1MW) megawatt

(17)(19) "Ceiling price" means the bidding price cap applicable to an enrollment for a given distributed-generation class, that shall be approved annually for each renewable-energy class pursuant to the procedure established in this chapter. The ceiling price for each technology should be a price that would allow a private owner to invest in a given project at a reasonable rate of return, based on recently reported and forecast information on the cost of capital, and the cost of generation equipment. The calculation of the reasonable rate of return for a project shall include, where applicable, any state or federal incentives, including, but not limited to, tax incentives.

§ 39-26.6-4. Continuation of board. – (a) The distributed generation standard contract board shall remain fully constituted and authorized as provided in chapter 26.2 of title 39 provided, however, that the name shall be changed to the "distributed-generation board." Additional purposes of the board shall be to:

(1) Evaluate and make recommendations to the commission regarding ceiling prices and annual targets, the make-up of renewable-energy classifications eligible under the distributed-generation growth program, the terms of the tariffs, and other duties as set forth in this chapter;

(2) Provide consistent, comprehensive, informed, and publicly accountable involvement by representatives of all interested stakeholders affected by, involved with, or knowledgeable about the development of distributed-generation projects that are eligible for performance-based incentives under the distributed-generation growth program; and

(3) Monitor and evaluate the effectiveness of the distributed-generation growth program.

(b) The office, in consultation with the board, shall be authorized to hire, or to request the electric-distribution company to hire, the services of qualified consultants to perform ceiling price studies subject to commission approval that shall be granted or denied within sixty (60) days of receipt of such request from the office. The cost of such studies shall be recoverable through the rate reconciliation provisions of the electric-distribution company set forth in § 39-26.6-25, subject to commission approval. In addition, the office, in consultation with the board, may request the commission to approve other costs incurred by the board, office or the electric-distribution company to utilize consultants for annual programmatic services or to perform any other studies and reports, subject to the review and approval of the commission, that shall be granted or denied within one hundred twenty (120) days of receipt of such request from the office, and that shall be recoverable through the same reconciliation provisions.

**§ 39-26.6-5. Tariffs proposed and approved.** – (a) Each year, for a period of at least five (5) program years, the electric-distribution company shall file tariffs with the commission that are designed to provide a multi-year stream of performance-based incentives to eligible renewable-distributed generation projects for a term of years, under terms and conditions set forth in the tariffs and approved by the commission. The tariffs shall set forth the rights and obligations of the owner of the distributed-generation project and the conditions upon which payment of performance-based incentives by the electric-distribution company will be paid. The tariffs shall include the non-price conditions set forth in §§ 39-26.2-7(2)(i) - (vii) for small distributed-generation projects (other than small-and medium-scale solar) and large distributed-generation projects; provided, however, that the time periods for such projects to reach ninety percent (90%) of output shall be extended to twenty-four (24) months (other than eligible anaerobic-digestion projects which shall be thirty-six (36) months, and eligible small-scale hydro, which shall be forty-eight (48) months). The non-price conditions in the tariffs for small-and medium-scale solar shall take into account the different circumstances for distributed generation projects of the smaller sizes.

(b) In addition to the tariff(s), the filing shall include the rules governing the solicitation and enrollment process. The solicitation rules will be designed to ensure the orderly functioning of the distributed-generation growth program and shall be consistent with the legislative purposes of this chapter.

(c) In proposing the tariff(s) and solicitation rules applicable to each year, the tariff(s) and rules shall be developed by the electric distribution company and will be reviewed by the office and the board before being sent to the commission for its approval. The proposed tariffs shall include the ceiling prices and term lengths for each tariff that are recommended by the board. The term lengths shall be from fifteen (15) to twenty (20) years, provided, however, that the board may recommend shorter terms for small-scale solar projects. Whatever term lengths between fifteen (15) and twenty (20) years are chosen for any given tariff, the evaluation of the bids for that tariff shall be done on a consistent basis such that the same term lengths for competing bids are used to determine the winning bids.

(d) The board shall use the same standards for setting ceiling prices as set forth in § 39-26.2-5. In setting the ceiling prices, the board may specifically consider:

(1) Transactions for newly developed renewable-energy resources, by technology and size, in the ISO-NE control area and the northeast corridor;

(2) Pricing from bids received during the previous program year;

(3) Environmental benefits, including, but not limited to, reducing carbon emissions;

(4) For community remote distributed generation systems, administrative costs and financial benefits for participating customers;

(4)(5) System benefits; and

(5)(6) Cost effectiveness.

(e) At least forty-five (45) days before filing the tariff(s) and solicitation rules, the electric distribution company shall provide the tariff(s) and rules in draft form to the board for review. The commission shall have the authority to determine the final terms and conditions in the tariff and rules. Once approved, the commission shall retain exclusive jurisdiction over the performance-based incentive payments, terms, conditions, rights, enforcement, and implementation of the tariffs and rules, subject to appeals pursuant to chapter 5 of title 39.

§ 39-26.6-7. Solar project size categories. – (a) Tariff(s) shall be proposed for each of the following solar distributed generation classes:



- (1) Small-scale solar projects;
- (2) Medium-scale solar projects;
- (3) Commercial-scale solar projects; and
- (4) Large-scale solar projects.

(b) Such classes of solar distributed-generation projects shall be established based on nameplate megawatt size as follows:

- (1) Large scale: solar projects from one megawatt (1 MW), up to and including, five megawatts (5 MW) nameplate capacity;
- (2) Commercial scale: solar projects greater than two hundred fifty kilowatts (250 kW), but less than one megawatt (1 MW) nameplate capacity;
- (3) Medium scale: solar projects greater than twenty-five kilowatts (25 kW), up to and including, two hundred fifty kilowatts (250 kW) nameplate capacity; and
- (4) Small scale: solar projects, up to and including, twenty-five kilowatts (25 kW) nameplate capacity.

(c) Other classifications of solar projects may also be proposed by the board, subject to the approval of the commission. After the second program year, the board may make recommendations to the commission to adjust the size categories of the solar classes, provided that the medium-scale solar projects may not exceed two hundred fifty kilowatts (250 kW); and/or (2) allocate capacity to Community distributed generation facilities, allowing them to compete or enroll under a distinct ceiling price.

**§ 39-26.6-12 Annual bidding and enrollments.** – (a) With the exception of the first program year (2015), the electric-distribution company, in consultation with the board and office, shall conduct at least three (3) tariff enrollments for each distributed-generation class each program year. For the first program year, the board may recommend that either two (2) or three (3) enrollments be conducted.

(b) During each program year, the tariff enrollments shall have both an annual targeted amount of nameplate megawatts ("annual MW target") and a nameplate megawatt target for each separate enrollment event ("enrollment MW target"). The enrollment MW target shall comprise the specific portion of the

annual MW target sought to be obtained in that enrollment. The enrollment MW targets shall be recommended by the board each year, subject to commission approval. The board shall also recommend a megawatt target for each class ("class MW target") that comprises a specified portion of the enrollment MW target, subject to commission approval. If the electric-distribution company, the office, and the board mutually agree, they may reallocate megawatts during an enrollment from one class to another without commission approval if there is an over-subscription in one class and an under-subscription in another, provided that the annual MW Target is not being exceeded, except as provided in § 39-26.6-7.

(c) The annual MW targets shall be established as follows; provided, however that at least three megawatts (3 MW) of nameplate capacity shall be carved out exclusively for small-scale solar projects in each of the first four (4) program years:

(1) For the first program year (2015), the annual MW target shall be twenty-five (25) nameplate megawatts;

(2) For the second program year, the annual targets shall be forty (40) nameplate megawatts;

(3) For the third and fourth program years, the annual target shall be forty (40) nameplate megawatts, subject to the conditions set forth in § 39-26.6-12(f) having been met for the applicable prior program year as determined in the manner specified in § 39-26.6-12(g); and

(4) For the fifth program year, the annual target shall be set to obtain the balance of capacity needed to achieve one hundred sixty (160) nameplate megawatts within the five-year (5) distributed-generation growth program, subject to § 39-26.6-12(e) and the conditions set forth in § 39-26.6-12(f) having been met for the fourth program year as determined in the manner specified in § 39-26.6-12(g).

(5) For the sixth and nine subsequent program years thereafter, the annual target for each year shall be forty (40) nameplate megawatts.

**§ 39-26.6-21. Ownership of output, other attributes, and renewable energy certificates. - (a)**

Except as provided herein for residential small-scale solar projects, distributed-generation projects participating in the renewable energy-growth program shall transfer to the electric-distribution company the rights and title to:

(1) Those renewable-energy certificates generated by the project during the term of the applicable performance-based incentive tariff;

(2) All energy produced by the generation that is not otherwise consumed on site under a net-metering arrangement; and

(3) Rights to any other environmental attributes or market products that are created or produced by the project; provided, however, that it shall be the election of the electric-distribution company whether it chooses to acquire the capacity of the distributed-generation projects under the tariffs set forth in this chapter and no ceiling prices recommended by the board and approved by the commission will be adjusted downward in light of the electric-distribution company's election. The electric-distribution company shall (1) sell any products acquired and credit them to the reconciliation account specified in § 39-26.6-25; and/or (2) use such products to serve customers and establish a price to be credited by customers using such products based on recent and near-term projections of market prices. When a generator reverts to net metering after the end of the tariff term under the renewable-energy growth program, the net-metering generator shall retain title to the renewable-energy certificates generated by the project. In the case of residential, small-scale projects, title to all energy and capacity produced from the solar generation shall remain with the residential customer; shall not be transferred to the electric-distribution company; and shall be deemed consumed by the residential customer on-site during the applicable, distribution-service billing period with no sale or purchase between the residential customer and the electric-distribution company.

(b) For the accounting purposes of the electric-distribution company in treating the performance-based incentives, the cost of the energy that is procured shall be the real time market price of energy and the balance of the performance-based incentive shall be attributable to the purchase of environmental and any other attributes acquired. This accounting shall have no effect on the total, bundled performance-based incentive to which the distributed-generation project is entitled under the provisions of this chapter;

SECTION 4. Chapter 39-26.6 of the General Laws entitled "The Renewable Energy Growth Program" is hereby amended by adding thereto the following sections:

§ 39-26.6-26. Shared Solar Facilities. — (a) In order to facilitate the adoption of solar by customers in multifamily structures, campuses, multi-structure business parks, multitenant or multi-owner commercial facilities, and public entities with multiple accounts, the electric distribution company may establish rules and tariffs for program years starting on or after April 1, 2017. Such rules and tariffs will set forth the requirements for eligible recipients, credit transfers, consumer protection, and other considerations and terms, with input from the office, for the commission's review and approval.

(b) Shared Solar Facilities will receive the same ceiling price and enroll from the same classes of other projects of the same size and ownership as established by the board for a given program year.

(c) All customer accounts receiving bill credits shall be in the same customer class and the bill credit value from the shared solar facility shall be determined by the recipients' rate class and not that of the facility owner. The credit value shall be the distribution, transition, transmission and standard offer supply rates of the bill credit recipients.

(d) Any value of bill credits not transferred from the shared solar facility shall be included in the total performance based incentive, which shall be paid in accordance with the tariffs established by the electric distribution company.

§ 39-26.6-27. Community Remote Distributed Generation System.- (a) In order to facilitate the adoption of participation in renewable energy projects by eligible customers the board may allocate a portion of the annual MW goal to a separate class or classes of community remote distributed generation systems, which may compete under separate ceiling prices from non-community remote distributed generation systems, for program years starting on or after April 1, 2017.

(b) Upon such allocation by the board, the electric distribution company shall establish rules and tariffs for program years starting on or after April 1, 2017, which rules and tariffs will set forth the requirements for eligible recipients, credit transfers, consumer protection, and other considerations and terms, with input from the office, for the commission's review and approval.

(c) The value of credits to be allocated to credit recipients may be a fixed rate provided by the system owner, but shall not be greater than the sum of the standard offer service, less the renewable energy

standard charge or credit, and the transmission and transition rates, of the credit recipient as offered by the electric distribution company in effect at the time of establishing the transfer. If a fixed credit rate is not provided, the default credit will be the sum of the standard offer service, less the renewable energy standard charge or credit, and the transmission and transition rates, of the credit recipient as offered by the electric distribution company in effect at the time of the transfer.

(d) Any credits not allocated in any month will be valued at the then current default credit rate, and deducted from the total performance based incentive of the enrolled system.

(e) Community Remote Distributed Generation Systems shall not:

(i) Comprise more than thirty percent (30%) of the annual total of capacity available under the renewable energy growth program in each year;

(ii) Be subject to a ceiling price that is more than fifteen percent (15%) higher than the then in-effect ceiling price for the same technology of the same size as recommended by the board and approved by the commission; or

(iii) Transfer credits to any account in an amount that in kWh exceeds the prior three (3) year annual average usage.

SECTION 5. Sections 44-3-3 and 44-3-9 of the General Laws in Chapter 44-3 entitled "Property Subject to Taxation" are hereby amended to read as follows:

**§ 44-3-3. Property exempt.** – (a) The following property is exempt from taxation.

(1) Property belonging to the state except as provided in § 44-4-4.1;

(2) Lands ceded or belonging to the United States;

(3) Bonds and other securities issued and exempted from taxation by the government of the United States or of this state;

(4) Real estate, used exclusively for military purposes, owned by chartered or incorporated organizations approved by the adjutant general and composed of members of the national guard, the naval militia, or the independent chartered military organizations;

(5) Buildings for free public schools, buildings for religious worship, and the land upon which they stand and immediately surrounding them, to an extent not exceeding five (5) acres so far as the buildings and land are occupied and used exclusively for religious or educational purposes;

(6) Dwellings houses and the land on which they stand, not exceeding one acre in size, or the minimum lot size for zone in which the dwelling house is located, whichever is the greater, owned by, or held in trust for, any religious organization and actually used by its officiating clergy; provided, further, that in the town of Charlestown, where the property previously described in this paragraph is exempt in total, along with dwelling houses and the land on which they stand in Charlestown, not exceeding one acre in size, or the minimum lot size for zone in which the dwelling house is located, whichever is the greater, owned by, or held in trust for, any religious organization and actually used by its officiating clergy, or used as a convent, nunnery, or retreat center by its religious order.

(7) Intangible personal property owned by, or held in trust for, any religious or charitable organization, if the principal or income is used or appropriated for religious or charitable purposes;

(8) Buildings and personal estate owned by any corporation used for a school, academy, or seminary of learning, and of any incorporated public charitable institution, and the land upon which the buildings stand and immediately surrounding them to an extent not exceeding one acre, so far as they are used exclusively for educational purposes, but no property or estate whatever is hereafter exempt from taxation in any case where any part of its income or profits, or of the business carried on there, is divided among its owners or stockholders; provided, however, that unless any private nonprofit corporation organized as a college or university located in the town of Smithfield reaches a memorandum of agreement with the town of Smithfield, the town of Smithfield shall bill the actual costs for police, fire, and rescue services supplied, unless otherwise reimbursed, to said corporation commencing March 1, 2014;

(9) Estates, persons, and families of the president and professors for the time being of Brown University for not more than ten thousand dollars (\$ 10,000) for each officer, the officer's estate, person, and family included, but only to the extent that any person had claimed and utilized the exemption prior to, and for a period ending, either on or after December 31, 1996;

(10) Property especially exempt by charter unless the exemption has been waived in whole or in part.

(11) Lots of land exclusively for burial grounds;

(12) Property, real and personal, held for, or by, an incorporated library, society, or any free public library, or any free public library society, so far as the property is held exclusively for library purposes, or for the aid or support of the aged poor, or poor friendless children, or the poor generally, or for a nonprofit hospital for the sick or disabled;

(13) Real or personal estate belonging to, or held in trust for, the benefit of incorporated organizations of veterans of any war in which the United States has been engaged, the parent body of which has been incorporated by act of Congress, to the extent of four hundred thousand dollars (\$ 400,000) if actually used and occupied by the association; provided, that the city council of the city of Cranston may by ordinance exempt the real or personal estate as previously described in this subdivision located within the city of Cranston to the extent of five hundred thousand dollars (\$500,000);

(14) Property, real and personal, held for, or by, the fraternal corporation, association, or body created to build and maintain a building or buildings for its meetings or the meetings of the general assembly of its members, or subordinate bodies of the fraternity, and for the accommodation of other fraternal bodies or associations, the entire net income of which real and personal property is exclusively applied or to be used to build, furnish, and maintain an asylum or asylums, a home or homes, a school or schools, for the free education or relief of the members of the fraternity, or the relief, support, and care of worthy and indigent members of the fraternity, their wives, widows, or orphans, and any fund given or held for the purpose of public education, almshouses, and the land and buildings used in connection therewith;

(15) Real estate and personal property of any incorporated volunteer fire engine company or incorporated volunteer ambulance or rescue corps in active service;

(16) The estate of any person who, in the judgment of the assessors, is unable from infirmity or poverty to pay the tax; providing, that in the town of Burrillville the tax shall constitute a lien for five (5) years on the property where the owner is entitled to the exemption. At the expiration of five (5) years, the

lien shall be abated in full. Provided, if the property is sold or conveyed, or if debt secured by the property is refinanced during the five (5) year period, the lien immediately becomes due and payable; any person claiming the exemption aggrieved by an adverse decision of an assessor shall appeal the decision to the local board of tax review and thereafter according to the provisions of § 44-5-26;

(17) Household furniture and family stores of a housekeeper in the whole, including clothing, bedding, and other white goods, books, and all other tangible personal property items that are common to the normal household;

(18) Improvements made to any real property to provide a shelter and fallout protection from nuclear radiation, to the amount of one thousand five hundred dollars (\$ 1,500); provided, that the improvements meet applicable standards for shelter construction established from time to time by the Rhode Island emergency management agency. The improvements are deemed to comply with the provisions of any building code or ordinance with respect to the materials or the methods of construction used and any shelter or its establishment is deemed to comply with the provisions of any zoning code or ordinance;

(19) Aircraft for which the fee required by § 1-4-6 has been paid to the tax administrator;

(20) *Manufacturer's inventory*

(i) For the purposes of §§ 44-4-10, 44-5-3, 44-5-20, and 44-5-38, a person is deemed to be a manufacturer within a city or town within this state if that person uses any premises, room, or place in it primarily for the purpose of transforming raw materials into a finished product for trade through any or all of the following operations: adapting, altering, finishing, making, and ornamenting; provided, that public utilities; non-regulated power producers commencing commercial operation by selling electricity at retail or taking title to generating facilities on or after July 1, 1997; building and construction contractors; warehousing operations, including distribution bases or outlets of out-of-state manufacturers; and fabricating processes incidental to warehousing or distribution of raw materials, such as alteration of stock for the convenience of a customer; are excluded from this definition;

(ii) For the purposes of §§ 44-3-3, 44-4-10, and 44-5-38, the term "manufacturer's inventory" or any similar term means and includes the manufacturer's raw materials, the manufacturer's work in process,



and finished products manufactured by the manufacturer in this state, and not sold, leased, or traded by the manufacturer or its title or right to possession divested; provided, that the term does not include any finished products held by the manufacturer in any retail store or other similar selling place operated by the manufacturer whether or not the retail establishment is located in the same building in which the manufacturer operates the manufacturing plant;

(iii) For the purpose of § 44-11-2, a "manufacturer" is a person whose principal business in this state consists of transforming raw materials into a finished product for trade through any or all of the operations described in paragraph (i) of this subdivision. A person will be deemed to be principally engaged if the gross receipts that person derived from the manufacturing operations in this state during the calendar year or fiscal year mentioned in § 44-11-1 amounted to more than fifty percent (50%) of the total gross receipts that person derived from all the business activities in which that person engaged in this state during the taxable year. For the purpose of computing the percentage, gross receipts derived by a manufacturer from the sale, lease, or rental of finished products manufactured by the manufacturer in this state, even though the manufacturer's store or other selling place may be at a different location from the location of the manufacturer's manufacturing plant in this state, are deemed to have been derived from manufacturing;

(iv) Within the meaning of the preceding paragraphs of this subdivision, the term "manufacturer" also includes persons who are principally engaged in any of the general activities coded and listed as establishments engaged in manufacturing in the Standard Industrial Classification Manual prepared by the Technical Committee on Industrial Classification, Office of Statistical Standards, Executive Office of the President, United States Bureau of the Budget, as revised from time to time, but eliminating as manufacturers those persons, who, because of their limited type of manufacturing activities, are classified in the manual as falling within the trade rather than an industrial classification of manufacturers. Among those thus eliminated, and accordingly also excluded as manufacturers within the meaning of this paragraph, are persons primarily engaged in selling, to the general public, products produced on the premises from which they are sold, such as neighborhood bakeries, candy stores, ice cream parlors, shade shops, and custom tailors, except, that a person who manufactures bakery products for sale primarily for

home delivery, or through one or more non-baking retail outlets, and whether or not retail outlets are operated by person, is a manufacturer within the meaning of this paragraph;

(v) The term "Person" means and includes, as appropriate, a person, partnership, or corporation; and

(vi) The department of revenue shall provide to the local assessors any assistance that is necessary in determining the proper application of the definitions in this subdivision.

(21) Real and tangible personal property acquired to provide a treatment facility used primarily to control the pollution or contamination of the waters or the air of the state, as defined in chapter 12 of title 46 and chapter 25 of title 23, respectively, the facility having been constructed, reconstructed, erected, installed, or acquired in furtherance of federal or state requirements or standards for the control of water or air pollution or contamination, and certified as approved in an order entered by the director of environmental management. The property is exempt as long as it is operated properly in compliance with the order of approval of the director of environmental management; provided, that any grant of the exemption by the director of environmental management in excess of ten (10) years is approved by the city or town in which the property is situated. This provision applies only to water and air pollution control properties and facilities installed for the treatment of waste waters and air contaminants resulting from industrial processing; furthermore, it applies only to water or air pollution control properties and facilities placed in operation for the first time after April 13, 1970;

(22) New manufacturing machinery and equipment acquired or used by a manufacturer and purchased after December 31, 1974. Manufacturing machinery and equipment is defined as:

(i) Machinery and equipment used exclusively in the actual manufacture or conversion of raw materials or goods in the process of manufacture by a manufacturer, as defined in subdivision (20) of this section, and machinery, fixtures, and equipment used exclusively by a manufacturer for research and development or for quality assurance of its manufactured products;

(ii) Machinery and equipment that is partially used in the actual manufacture or conversion of raw materials or goods in process of manufacture by a manufacturer, as defined in subdivision (20) of this

section, and machinery, fixtures, and equipment used by a manufacturer for research and development or for quality assurance of its manufactured products, to the extent to which the machinery and equipment is used for the manufacturing processes, research and development, or quality assurance. In the instances where machinery and equipment is used in both manufacturing and/or research and development, and/or quality assurance activities and non-manufacturing activities, the assessment on machinery and equipment is prorated by applying the percentage of usage of the equipment for the manufacturing, research and development and quality assurance activity to the value of the machinery and equipment for purposes of taxation, and the portion of the value used for manufacturing, research and development, and quality assurance is exempt from taxation. The burden of demonstrating this percentage usage of machinery and equipment for manufacturing and for research and development, and/or quality assurance of its manufactured products rests with the manufacturer; and

(iii) Machinery and equipment described in § 44-18-30(7) and (22) that was purchased after July 1, 1997; provided that the city or town council of the city or town in which the machinery and equipment is located adopts an ordinance exempting the machinery and equipment from taxation. For purposes of this subsection, city councils and town councils of any municipality may, by ordinance, wholly or partially exempt from taxation the machinery and equipment discussed in this subsection for the period of time established in the ordinance and may, by ordinance, establish the procedures for taxpayers to avail themselves of the benefit of any exemption permitted under this section; provided, that the ordinance does not apply to any machinery or equipment of a business, subsidiary, or any affiliated business that locates or relocates from a city or town in this state to another city or town in the state.

(23) Precious metal bullion, meaning any elementary metal that has been put through a process of melting or refining, and that is in a state or condition that its value depends upon its content and not its form. The term does not include fabricated precious metal that has been processed or manufactured for some one or more specific and customary industrial, professional, or artistic uses;

(24) Hydroelectric power generation equipment, which includes, but is not limited to, turbines, generators, switchgear, controls, monitoring equipment, circuit breakers, transformers, protective relaying,

bus bars, cables, connections, trash racks, headgates, and conduits. The hydroelectric power generation equipment must have been purchased after July 1, 1979, and acquired or used by a person or corporation who or that owns or leases a dam and utilizes the equipment to generate hydroelectric power;

(25) Subject to authorization by formal action of the council of any city or town, any real or personal property owned by, held in trust for, or leased to an organization incorporated under chapter 6 of title 7, as amended, or an organization meeting the definition of "charitable trust" set out in § 18-9-4, as amended, or an organization incorporated under the not for profits statutes of another state or the District of Columbia, the purpose of which is the conserving of open space, as that term is defined in chapter 36 of title 45, as amended, provided the property is used exclusively for the purposes of the organization;

(26) Tangible personal property, the primary function of which is the recycling, reuse, or recovery of materials (other than precious metals, as defined in § 44-18-30(24)(ii) and (iii)), from or the treatment of "hazardous wastes" as defined in § 23-19.1-4, where the "hazardous wastes" are generated primarily by the same taxpayer and where the personal property is located at, in, or adjacent to a generating facility of the taxpayer. The taxpayer may, but need not, procure an order from the director of the department of environmental management certifying that the tangible personal property has this function, which order effects a conclusive presumption that the tangible personal property qualifies for the exemption under this subdivision. If any information relating to secret processes or methods of manufacture, production, or treatment is disclosed to the department of environmental management only to procure an order, and is a "trade secret" as defined in § 28-21-10(b), it shall not be open to public inspection or publicly disclosed unless disclosure is otherwise required under chapter 21 of title 28 or chapter 24.4 of title 23;

(27) Motorboats as defined in § 46-22-2 for which the annual fee required in § 46-22-4 has been paid;

(28) Real and personal property of the Providence Performing Arts Center, a non-business corporation as of December 31, 1986;

(29) Tangible personal property owned by, and used exclusively for the purposes of, any religious organization located in the city of Cranston;

(30) Real and personal property of the Travelers Aid Society of Rhode Island, a nonprofit corporation, the Union Mall Real Estate Corporation, and any limited partnership or limited liability company that is formed in connection with, or to facilitate the acquisition of, the Providence YMCA Building; and

(31) Real and personal property of Meeting Street Center or MSC Realty, Inc., both not-for-profit Rhode Island corporations, and any other corporation, limited partnership, or limited liability company that is formed in connection with, or to facilitate the acquisition of, the properties designated as the Meeting Street National Center of Excellence on Eddy Street in Providence, Rhode Island.

(32) The buildings, personal property, and land upon which the buildings stand, located on Pomham Island, East Providence, currently identified as Assessor's Map 211, Block 01, Parcel 001.00, that consists of approximately twenty-one thousand three hundred (21,300) square feet and is located approximately eight hundred sixty feet (860'), more or less, from the shore, and limited exclusively to these said buildings personal estate and land, provided that said property is owned by a qualified 501(c)(3) organization, such as the American Lighthouse Foundation, and is used exclusively for a lighthouse.

(33) The Stadium Theatre Performing Arts Centre building located in Monument Square, Woonsocket, Rhode Island, so long as said Stadium Theatre Performing Arts Center is owned by the Stadium Theatre Foundation, a Rhode Island nonprofit corporation.

(34) Real and tangible personal property of St. Mary Academy – Bay View, located in East Providence, Rhode Island.

(35) Real and personal property of East Bay Community Action Program and its predecessor, Self Help, Inc; provided, that the organization is qualified as a tax exempt corporation under § 501(c)(3) of the United States Internal Revenue Code.

(36) Real and personal property located within the city of East Providence of the Columbus Club of East Providence, a Rhode Island charitable nonprofit corporation.

(37) Real and personal property located within the city of East Providence of the Columbus Club of Barrington, a Rhode Island charitable nonprofit corporation.

(38) Real and personal property located within the city of East Providence of Lodge 2337 BPO Elks, a Rhode Island nonprofit corporation.

(39) Real and personal property located within the city of East Providence of the St. Andrews Lodge No. 39, a Rhode Island charitable nonprofit corporation.

(40) Real and personal property located within the city of East Providence of the Trustees of Methodist Health and Welfare service a/k/a United Methodist Elder Care, a Rhode Island nonprofit corporation.

(41) Real and personal property located on the first floor of 90 Leonard Avenue within the city of East Providence of the Zion Gospel Temple, Inc., a religious nonprofit corporation.

(42) Real and personal property located within the city of East Providence of the Cape Verdean Museum Exhibit, a Rhode Island nonprofit corporation.

(43) The real and personal property owned by a qualified 501(c)(3) organization that is affiliated and in good standing with a national, congressionally chartered organization and thereby adheres to that organization's standards and provides activities designed for recreational, educational, and character building purposes for children from ages six (6) years to seventeen (17) years.

(44) Real and personal property of the Rhode Island Philharmonic Orchestra and Music School; provided, that the organization is qualified as a tax exempt corporation under § 501(c)(3) of the United States Internal Revenue Code.

(45) The real and personal property located within the town of West Warwick at 211 Cowesett Avenue, Plat 29-Lot 25, which consists of approximately twenty-eight thousand seven hundred and fifty (28,750) square feet and is owned by the Station Fire Memorial Foundation of East Greenwich, a Rhode Island nonprofit corporation.

(46) Real and personal property of the Comprehensive Community Action Program, a qualified tax exempt corporation under § 501(c)(3) of the United States Internal Revenue Code.

(47) Real and personal property located at 52 Plain Street, within the city of Pawtucket of the Pawtucket Youth Soccer Association, a Rhode Island nonprofit corporation.

(b) Except as provided below, when a city or town taxes a for-profit hospital facility, the value of its real property shall be the value determined by the most recent full revaluation or statistical property update performed by the city or town; provided, however, in the year a nonprofit hospital facility converts to or otherwise becomes a for-profit hospital facility, or a for-profit hospital facility is initially established, the value of the real property and personal property of the for-profit hospital facility shall be determined by a valuation performed by the assessor for the purpose of determining an initial assessed value of real and personal property, not previously taxed by the city or town, as of the most recent date of assessment pursuant to § 44-5-1, subject to a right of appeal by the for-profit hospital facility which shall be made to the city or town tax assessor with a direct appeal from an adverse decision to the Rhode Island superior court business calendar.

A "for-profit hospital facility" includes all real and personal property affiliated with any hospital as identified in an application filed pursuant to chapters 23-17 and/or 23-17.14. Notwithstanding the above, a city or town may enter into a stabilization agreement with a for-profit hospital facility under § 44-3-9 or other laws specific to the particular city or town relating to stabilization agreements. In a year in which a nonprofit hospital facility converts to, or otherwise becomes, a for-profit hospital facility, or a for-profit hospital facility is otherwise established, in that year only the amount levied by the city or town and/or the amount payable under the stabilization agreement for that year related to the for-profit hospital facility shall not be counted towards determining the maximum tax levy permitted under § 44-5-2.

(48) Renewable energy resources as defined in § 39-26-5 used in residential systems and associated equipment used therewith in service after December 31, 2015.

(49) Renewable energy resources, as defined in § 39-26-5, if employed by a manufacturer, as defined in § 44-3-3(a)(20)(iii), shall be exempt from taxation in accordance with § 44-3-3(a)(22).

§ 44-3-9. Exemption or stabilizing of taxes on property used for manufacturing, commercial, or residential purposes. – (a)(1) Except as provided in this section, the electors of any city or town qualified to vote on a proposition to appropriate money or impose a tax when legally assembled, may vote to authorize the city or town council, for a period not exceeding twenty (20) years, and subject to the

conditions as provided in this section, to exempt from payment, in whole or in part, real and personal property which has undergone environmental remediation, is historically preserved, or is used for affordable housing, manufacturing, commercial, or residential purposes, or to determine a stabilized amount of taxes to be paid on account of the property, notwithstanding the valuation of the property or the rate of tax; provided, that after public hearings, at least ten (10) days' notice of which shall be given in a newspaper having a general circulation in the city or town, the city or town council determines that:

(i) Granting of the exemption or stabilization will inure to the benefit of the city or town by reason of;

(A) The willingness of the manufacturing or commercial concern to locate in the city or town, or of individuals to reside in such an area; or

(B) The willingness of a manufacturing firm to expand facilities with an increase in employment or the willingness of a commercial or manufacturing concern to retain or expand its facility in the city or town and not substantially reduce its work force in the city or town; or

(C) An improvement of the physical plant of the city or town which will result in a long-term economic benefit to the city or town and state; or

(D) An improvement which converts or makes available land or facility that would otherwise be not developable or difficult to develop without substantial environmental remediation; or

(ii) Granting of the exemption or stabilization of taxes will inure to the benefit of the city or town by reason of the willingness of a manufacturing or commercial or residential firm or property owner to construct new or to replace, reconstruct, convert, expand, retain or remodel existing buildings, facilities, machinery, or equipment with modern buildings, facilities, fixtures, machinery, or equipment resulting in an increase or maintenance in plant, residential housing or commercial building investment by the firm or property owned in the city or town;

(2) Provided that should the city or town council make the determination in subparagraph (1)(i)(B) of this subsection, any exemption or stabilization may be granted as to new buildings, fixtures, machinery, or equipment for new buildings, firms or expansions, and may be granted as to existing buildings, fixtures,



machinery and equipment for existing employers in the city or town.

(b) Cities shall have the same authority as is granted to towns except that authority granted to the qualified electors of a town and to town councils shall be exercised in the case of a city by the city council.

(c) For purposes of this section, "property used for commercial purposes" means any building or structures used essentially for offices or commercial enterprises.

(d) Except as provided in this section, property, the payment of taxes on which has been so exempted or which is subject to the payment of a stabilized amount of taxes, shall not, during the period for which the exemption or stabilization of the amount of taxes is granted, be further liable to taxation by the city or town in which the property is located so long as the property is used for the manufacturing or commercial, or residential purposes for which the exemption or stabilized amount of taxes was made.

(e) Notwithstanding any vote of the qualified electors of a town and findings of a town council or of any vote and findings by a city council, the property shall be assessed for and shall pay that portion of the tax, if any, assessed by the city or town in which the real or personal property is located, for the purpose of paying the indebtedness of the city or town and the indebtedness of the state or any political subdivision of the state to the extent assessed upon or apportioned to the city or town, and the interest on the indebtedness, and for appropriation to any sinking fund of the city or town, which portion of the tax shall be paid in full, and the taxes so assessed and collected shall be kept in a separate account and used only for that purpose.

(f) Nothing in this section shall be deemed to permit the exemption or stabilization provided in this section for any manufacturing or commercial concern relocating from one city or town within the state of Rhode Island to another.

(g) Renewable energy resources as defined in § 39-26-5 qualify for tax stabilization agreements pursuant to § 44-3-9(a).

SECTION 6. Section 44-5-3 of the General Laws in Chapter 44-5 entitled "Levy and Assessment of Local Taxes" is hereby amended to read as follows:

44-5-3. Ratable property of a city or town – Definitions. – (a) The ratable property of the city

or town consists of the ratable real estate and the ratable tangible personal property (which do not include manufacturer's manufacturing machinery and equipment of a manufacturer) and the ratable tangible personal property of manufacturers consisting of manufacturer's manufacturing machinery and equipment of a manufacturer.

(b)(1) For the purposes of this section and §§ 44-5-20, 44-5-22, 44-5-38, and § 9 of chapter 245, public laws of Rhode Island, 1966, "manufacturing" includes the handling and storage of manufacturer's inventories as defined in § 44-3-3(20)(ii).

(2) "Manufacturer's machinery and equipment" or "manufacturing machinery and equipment" is defined as:

(i) Machinery and equipment which is used exclusively in the actual manufacture or conversion of materials or goods in the process of manufacture by a manufacturer as defined in § 44-3-3(20) and machinery, fixtures, and equipment used exclusively by a manufacturer for research and development or for quality assurance of its manufactured products; and

(ii) Machinery and equipment which is partially used in the actual manufacture or conversion of raw materials or goods in the process of manufacture by a manufacturer as defined in § 44-3-3(20) and machinery, fixtures, and equipment used by a manufacturer for research and development or for quality assurance of its manufactured products, to the extent to which the machinery and equipment is used for the manufacturing processes, research, and development or quality assurance. In the instances where machinery and equipment is used in both manufacturing activities, the assessment on machinery and equipment is prorated by applying the percentage of usage of the equipment for manufacturing, research, and development and quality assurance activity to the value of the machinery and equipment for purposes of taxation, and the portion of the value used for manufacturing, research, and development and quality assurance is exempt from taxation. The burden of demonstrating this percentage usage of machinery and equipment for manufacturing and for research and development and/or quality assurance of its manufactured products rests with the manufacturer.

(3) This definition of "manufacturing" or "manufacturer's machinery and equipment" does not

include:

- (i) Motor vehicles required by law to be registered with the division of motor vehicles;
- (ii) Store fixtures and other equipment situated in or upon a retail store or other similar selling place operated by a manufacturer, whether or not the retail establishment store or other similar selling place is located in the same building in which the manufacturer operates his or her manufacturing plant; and
- (iii) Fixtures or other equipment situated in or upon premises used to conduct a business which is unrelated to the manufacture of finished products for trade and their sale by the manufacturer of the products, whether or not the premises where the unrelated business is conducted is in the same building in which the manufacturer has his or her manufacturing plant. The levy on tangible personal property of manufacturers consisting of manufacturer's manufacturing machinery and equipment of a manufacturer is at the rate provided in § 44-5-38.

(c) Notwithstanding any exemption provided by this section, and except for the exemptions created by §§ 44-3-3(a)(22), 44-3-3(a)(48) and 44-3-3(a)(49), which exemptions shall remain intact, cities and towns may, by ordinance or resolution, tax any renewable energy resources as defined in § 39-26-5, and associated equipment only pursuant to rules and regulations that will be established by the office of energy resources in consultation with the division of taxation after the rules are adopted, no later than November 30, 2016. The rules will provide consistent and foreseeable tax treatment of renewable energy to facilitate and promote installation of grid-connected generation of renewable-energy and shall consider the following criteria in adopting appropriate and reasonable tangible property tax rates for commercial renewable energy systems:

- (1) State policy objectives to promote renewable energy development;
- (2) Tax agreements between municipalities and renewable energy developers executed and effective after 2011, including net metering or lease agreements that address tax treatment;
- (3) The valuation of local property tax in the ceiling prices set for the distributed generation standard contract or renewable energy growth programs by the distributed generation board;
- (4) Assessment practices used by Rhode Island municipal property tax assessors; and

(5) Five dollars per kilowatt of nameplate capacity and the average kilowatt value of the tax agreements and associated payments executed between municipalities and renewable energy developers between 2011 and 2016 shall be the benchmarks for consideration of reasonable revenue generated by a city or town from renewable energy facilities provided that evidence to the contrary may be incorporated in final rules and regulations.

(d) The dollar amount adopted through the rules and regulations that municipalities will be required to use for commercial renewable energy systems shall be based on the alternating current (AC) nameplate capacity of the renewable energy resource.

(e) 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 § 44-5-3(c) and shall maintain the tax status applicable before the rules are adopted, unless otherwise agreed pursuant to § 44-3-9(a).

SECTION 7. This article shall take effect upon passage.