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Solar in Rhode Island...demystified

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Good news! Rhode Island now has a much needed program to boost the number of solar installations within the state. It is known as the Distributed Generation (DG) Contracts program and was approved by the RI Public Utilities Commission (PUC) at the end of last year (2011). The goal of the program is to install 40 MW of renewable energy systems within the state over the next four years. National Grid, the local utility, will purchase the power generated by these systems at a fixed price for 15 years via one of these DG Contracts. This structure is very "bankable" and, thus, makes accessing funding easier.

There are some nuances to the program that bear mentioning. One is that the solar electricity produced by the system is all "sent back to the grid" - none of it is used locally. Another is, while the state's net metering program is still available, the system owner's practical choice is between net metering and the new DG Contracts program - it's not much of a choice since the DG Contracts program earns approximately twice as much! Other nuances have to do with how to get your project accepted into the program. Yes, it's a competitive program which has specific timelines, process documents and criteria. If National Grid is going to purchase the power for the next 15 years from a solar installation, they want to be certain of the project's capability to produce and be assured of its financial feasibility to be installed.

An experienced solar project developer is aware of these areas and will be able to help navigate a property owner to a successful outcome. Coupled with the Federal 30% Investment Tax Credit (ITC), the Rhode Island DG Contracts program is providing a 6-7 year simple payback and a double digit Internal Rate of Return over the project's life - not a bad deal for turning an unused roof into revenue!

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