

### Rhode Island Streamlines Solar Permitting in Clean Energy Bill Package

Standardized Regulations: Next Frontier in Reducing Solar Costs

August 15, 2017

#### AUGUST 9 CLEAN ENERGY BILLS

On August 9, 2017, Rhode Island Governor Gina M. Raimondo signed a suite of clean energy bills which includes legislation to streamline solar permitting and renewable energy interconnection. Rhode Island thus joins a small group of states that strive to standardize solar permitting, an important step toward reducing the soft costs of solar.

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#### Bills in brief

The legislative package will bolster Rhode Island's clean energy industry and help the state meet its clean energy goals. Rhode Island enacted HB 7413 in June 2016, expanding the state's renewable energy standard to 38.5 percent by 2035. The state RPS was previously set to expire at the end of 2019 and the expansion sets an increase of 1.5 percent annually from 14.5 percent by 2019. In March, Governor Gina M. Raimondo announced a separate clean energy goal of 1,000 MW of by 2020, which is 10 times the 2016 level of approximately 100 MW.



H 5575  
S 562

Requires the Rhode Island Office of Energy Resources, in consultation with the Building Code Commission, to adopt rules and regulations that will create a statewide solar PV permit application that municipalities must use from January 1, 2018



Solar permitting



H 5274A  
S 112A

Extends the REG program by ten years through the end of 2029, and establishes a cumulative procurement of 400 MW of renewable energy from 2020-2029, with an annual target of 40 MW



Renewables program



H 5483B  
S 637A

Streamlines renewable energy interconnection standards by prohibiting electrical distribution companies from charging interconnecting customers for system modifications that are not directly related to the interconnection



Interconnection standards



H 6095Aaa  
S 570A

Exempts farms with renewable energy installations on no more than 20 percent acreage from land use change tax



Farm tax exemption



H 5618Aaa

Expands the state's remote net metering program to nonprofit organizations and educational institutions



Remote NEM for schools and nonprofits



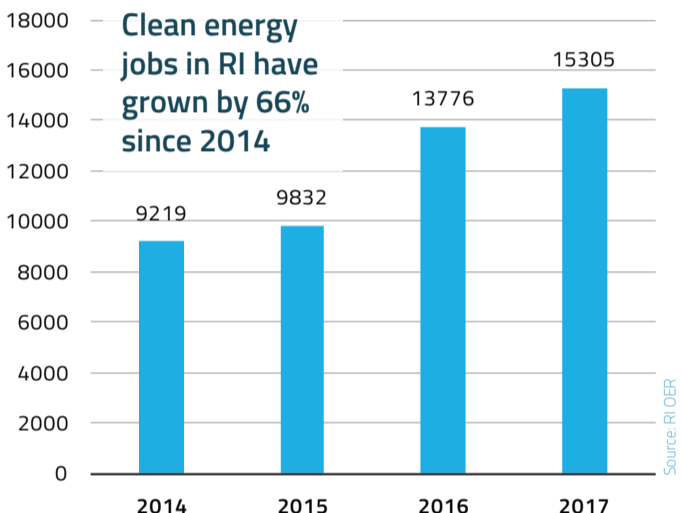
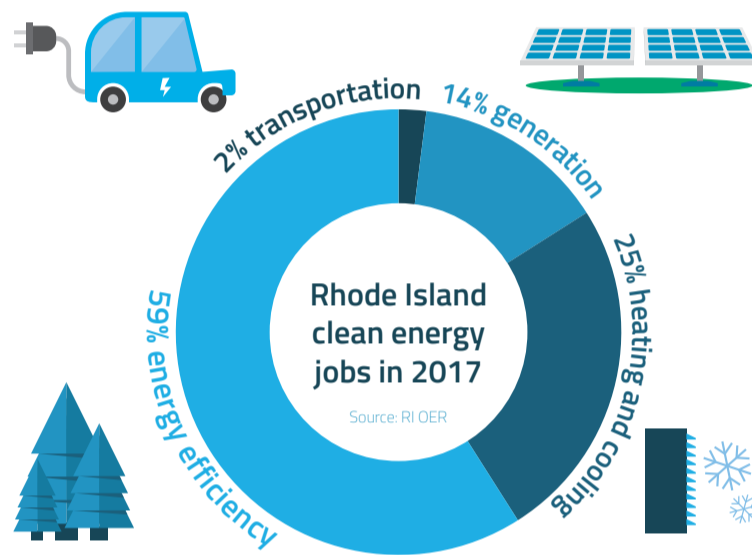
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#### Rhode Island clean energy employment

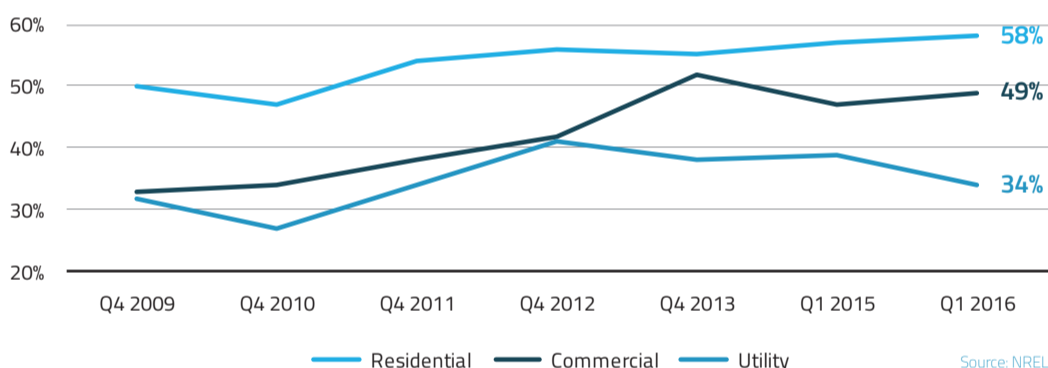


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#### Soft costs of solar

Streamlining the statewide permitting process for solar installation will remove unnecessary regulatory barriers, resulting in a predictable and cost-efficient process for solar developers. In February 2016, DOE reported that the average cost of solar panels, or hardware costs, had dropped 60 percent since the beginning of 2010. However, soft costs which include permitting, financing, and supply chain costs, account for more than 60 percent of the total price of residential solar systems and have largely remained the same in most states.

#### Share of the soft (non-hardware) costs in the total cost of solar installations



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#### Legislation on permitting

Statewide solar permitting will bring predictability and make it easier for customers to install solar thus reducing a major barrier to growth in the clean energy sector. Vermont pioneered the approach in 2011 and the state's experience has been positive. According to Vermont's 2017 Clean Energy Industry Report, the solar industry remains the largest employer within the renewable energy sector, showing a 12 percent growth over 2016.

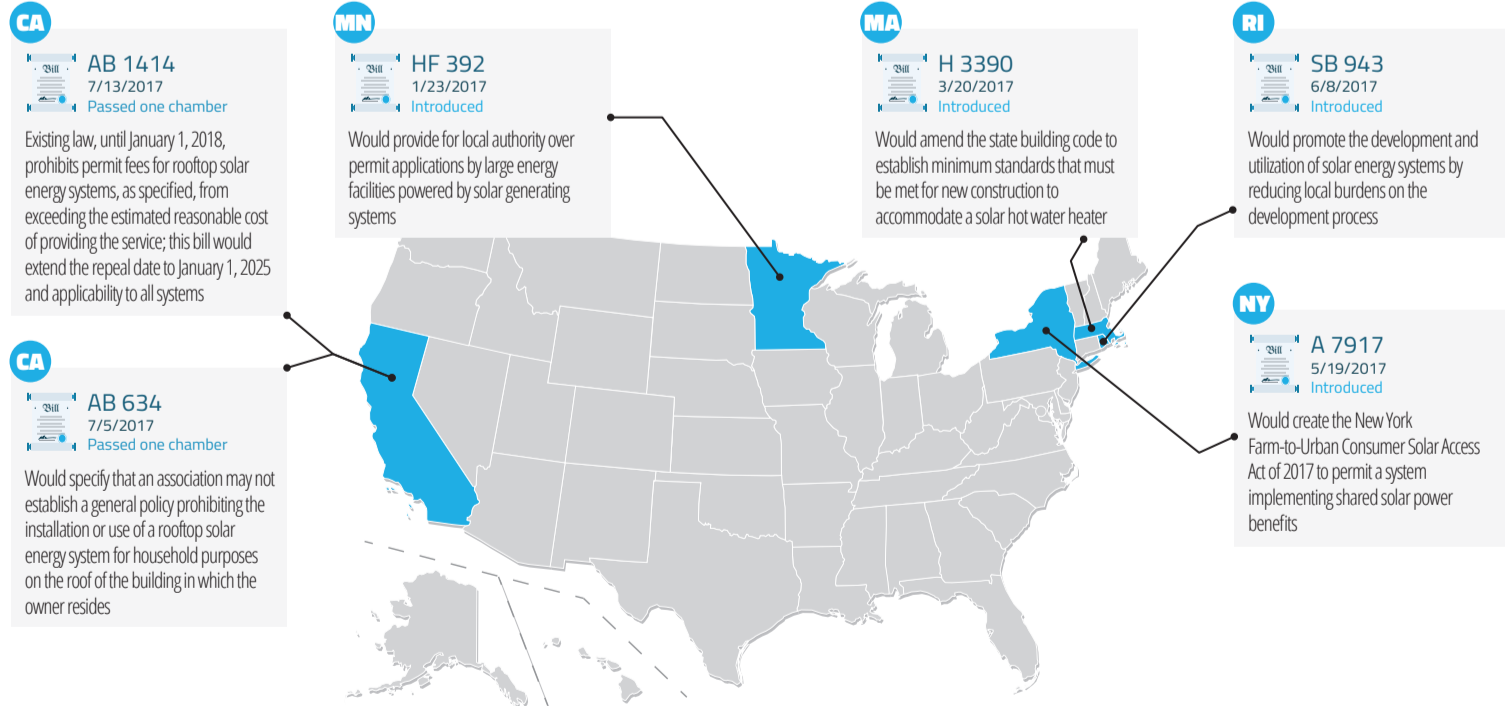
**VT** Vermont established the nation's first standardized solar permitting regulations under the Vermont Energy Act of 2011 (H 56). The legislation simplified registration process for solar PV systems up to 5kW (later expanded to 10 KW) by establishing a 10-day standard permitting process. After the 10-day period projects can be installed unless a utility raises an interconnection issue.

**CA** California enacted AB 2188 in September 2014 requiring city and county governments to adopt an ordinance that creates an expedited streamlined permitting process for small residential rooftop solar energy systems under 10 KW and also provide a checklist of requirements for expedited review.

**NY** In September 2013, the New York State Energy Research and Development Authority (NYSERDA) announced a Unified Solar Permit program to reduce solar project costs by streamlining municipal permitting processes across the state. The New York State Unified Solar Permit provides as a model permit application form that statewide municipalities can adopt for permitting PV systems under 12 kVA.

**CO** In April, Colorado enacted SB 17-179 which extends repeal date for the cap on fees for residential solar permits and commercial permits from 2018 to 2025. The legislation recognizes the statewide need for certainty regarding fees assessed for permitting solar devices, and serves as a means to bring fairness to solar permitting costs across the state.

Select bills on solar permitting in 2017 include:



#### BOTTOM LINE

##### Cut the Tape

Because of varying state and local laws there is no single process that businesses can adopt to install customer-sited solar. This contributes to lags between when a customer purchases a solar system and when the system actually gets installed, also adding to costs. In the neighboring Connecticut, for example, the solar permitting process is different for each of the state's 169 municipalities, and the resulting average permit fee varies from \$0 to more than \$700 per installation, according to TrendCT, a nonprofit publication. Streamlining the statewide permitting process for solar installation will remove unnecessary regulatory barriers, resulting in a predictable and cost-efficient process for solar developers.

##### Unleash the Industry

The solar industry has benefited immensely from declining technology costs and favorable financing options such as third-party financing. Standardizing solar permitting is likely the next major opportunity for the solar industry. While residential solar streamlining is the first major step, including commercial solar in standardization policies will accelerate solar growth further.

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