

CITY OF CRANSTON

**ORDINANCE OF THE CITY COUNCIL**

**IN AMENDMENT OF TITLE 3.16 OF THE CODE OF THE CITY OF CRANSTON,  
2005, ENTITLED "REVENUE AND FINANCE" (COMMERCIAL RENEWABLE  
ENERGY SYSTEMS TANGIBLE AND REAL ESTATE TAX VALUES)**

*No.*

*Passed:*

\_\_\_\_\_  
*Michael J Farina, Council President*

*Approved:*

\_\_\_\_\_  
*Allan W. Fung, Mayor*

*It is ordained by the City Council of the City of Cranston as follows:*

**PURPOSE**

The purpose of this ordinance is to provide consistent and foreseeable tax treatment of commercial renewable energy systems to facilitate and promote the installation of grid-connected generation of renewable energy. It is further intended to comply with the Rhode Island General Laws of 1956, as amended ("RIGL") and the rules and regulations promulgated by the Rhode Island Office of Energy Resources.

Section 1: Chapter 3.16 entitled "PROPERTY TAX CLASSIFICATION" is hereby amended by adding thereto the following new section:

3.16.060 Renewable Energy Systems

**A: APPLICABILITY**

The adopted tangible and real estate tax value and formula shall be effective January 1, 2017 for any renewable energy resource projects that execute interconnection service agreements with the electric distribution company after that date.

**B: DEFINITIONS**

For the purposes of this ordinance, the following terms shall have the following meanings:

- 1. "A/C" means alternating current for the nameplate capacity of the commercial renewable energy system.

- 46 2. “Eligible Renewable Energy Resources” mean those technologies defined under RIGL 39-26-  
47 5.
- 48
- 49 3. “\$/per kW” means the kilowatt/dollar/kilowatt amount adopted through the regulations that  
50 municipalities will be compensated from a commercial renewable energy system annually.  
51
- 52 4. “Office” means the Rhode Island Office of Energy Resources.  
53
- 54 5. “REG Program” means the Renewable Energy Growth Program where a renewable energy  
55 system sells electricity through a 15 or 20 year tariff with National Grid and any applicable  
56 extensions. At the end of the 15 or 20 year period, a system may be converted to Virtual Net  
57 Metering as defined herein for the remaining life of the system.  
58
- 59 6. “Net Metering” means a renewable energy system installed on a property that is offsetting  
60 electric bills pursuant to R.I. Gen. Laws §39-26.4-1 et seq. The typical contract period for Net  
61 Metering is 25 years (consistent with the estimated productive life of the system).  
62
- 63 7. “Virtual Net Metering” means a renewable energy system that is installed on private or public  
64 property where the off-taker of the electricity is a municipality, public school, state or quasi-state  
65 public entity pursuant to R.I. Gen. Laws §39-26.4-1 et seq. The typical contract period for  
66 Virtual Net Metering is 25 years (consistent with the estimated productive life of the system).  
67

68 C: TANGIBLE TAX VALUE FOR COMMERCIAL RENEWABLE ENERGY SYSTEMS

69  
70 The following formula and associated Five and 00/100 (\$5.00) Dollars per kW is adopted by the  
71 City of Cranston in establishing the tangible tax value for commercial renewable energy systems  
72 to provide reasonable compensation to the City effective January 1, 2017.  
73

74 \$5.00 per kW x \_\_\_\_\_ Kilowatt A/C Capacity of the Commercial Renewable Energy System =  
75 \$\_\_\_\_\_

76  
77 Example 1: A 2 megawatt ground mount solar system that will be receiving a 25-year tariff  
78 under the REG program and selling the electricity back to National Grid.  
79

80 \$5.00 kW X 2,000 kW A/C Capacity of the Commercial Renewable Energy System =  
81 - \$10,000 annual revenue to the City

82 - \$250,000 total revenue over the 25-year REG Program tariff to the municipality  
83

84 Example 2: A 1.5 megawatt wind turbine system that will be receiving a 25-year tariff under the  
85 REG program and selling the electricity back to National Grid.  
86

87 \$5.00 kW X 1,500 kW A/C Capacity of the Commercial Renewable Energy System =  
88 - \$7,500 annual revenue to the City

89 - \$187,500 total revenue over the 25-year REG Program tariff to the municipality  
90

91 D: REAL ESTATE TAX VALUE FOR COMMERCIAL RENEWABLE ENERGY  
92 SYSTEMS

93  
94 The following formula and associated Two and 00/100 (\$2.00) Dollars per kW is adopted by the  
95 City of Cranston in establishing the real estate tax value for properties containing commercial  
96 renewable energy systems to provide reasonable compensation to the City effective January 1,  
97 2017.

98  
99 \$2.00 per kW x \_\_\_\_\_ Kilowatt A/C Capacity of the Commercial Renewable Energy System =  
100 \$\_\_\_\_\_

101  
102 Example 1: A 2 megawatt ground mount solar system that will be receiving a 25-year tariff  
103 under the REG program and selling the electricity back to National Grid.

104  
105 \$2.00 kW X 2,000 kW A/C Capacity of the Commercial Renewable Energy System =  
106 - \$4,000 annual revenue to the City

107 - \$100,000 total revenue over the 25-year REG Program tariff to the municipality

108  
109 Example 2: A 1.5 megawatt wind turbine system that will be receiving a 25-year tariff under the  
110 REG program and selling the electricity back to National Grid.

111  
112 \$2.00 kW X 1,500 kW A/C Capacity of the Commercial Renewable Energy System =  
113 - \$3,000 annual revenue to the City

114 - \$75,000 total revenue over the 25-year REG Program tariff to the municipality

115  
116 E: WAIVER FOR RENEWABLE SYSTEMS NOT SELLING POWER

117  
118 Pursuant to RIGL § 44-3-21, the City of Cranston shall not assess a tangible tax on all commercial  
119 renewable energy systems or specifically on net-metered systems that are strictly designed to offset  
120 and reduce electricity bills on a property and not developed for commercial revenue purposes. For  
121 any renewable energy systems that are installed on residential and manufacturing properties, such  
122 renewable energy equipment shall be exempt from local taxation per RIGL § 44-3-3, subsections  
123 (48) and (49).

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125 F: REPORTING

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

132  
133 G: DECOMMISSIONING OR ABANDONMENT OF COMMERCIAL RENEWABLE  
134 ENERGY SYSTEMS

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136 If at any time a commercial renewable energy system has been decommissioned or abandoned as  
137 defined in Chapter 17.24.020 entitled “Solar Power Performance Standard”, the real estate and  
138 tangible tax treatment and formula for the commercial renewable energy system shall no longer  
139 apply effective December 31<sup>st</sup> of the following year in which the commercial renewable energy  
140 system has been decommissioned or abandoned. The tax assessor shall then resume the taxing of  
141 the ratable property in accordance with state law.

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143 H: SEVERABILITY

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145 If any provision of this ordinance or the application thereof to any person or circumstance, is  
146 held invalid by a court of competent jurisdiction, the validity of the remaining provisions of this  
147 ordinance shall not be affected thereby.

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149 Section 2: This ordinance shall take effect upon its final adoption.

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152 Positive Endorsement:

Negative Endorsement: (Attach reasons)

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154 \_\_\_\_\_  
155 Christopher Rawson                      Date  
156 City Solicitor

\_\_\_\_\_

Christopher Rawson                      Date  
City Solicitor

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159 Sponsored by: Mayor Allan W. Fung

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161 Referred to Finance Committee: April 3, 2017  
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