



Rhode Island Energy™

Rhode Island Energy Policies Regarding Reportable Income and The Rhode Island Renewable Energy Growth Program

The Renewable Energy Growth (RE Growth) program allows customers to enroll or compete for compensation for the generation of renewable distributed generation system products delivered to Rhode Island Energy. Once operating, RE Growth facility owners will receive payments for products received by Rhode Island Energy, which may include energy, environmental attributes, and capacity. Certain customers hosting such units either are required or may elect to receive bill credits for a portion of the payments. As a result of these payments and other consideration, Rhode Island Energy has several responsibilities under current tax laws and regulations of which customers and applicants should be aware.

Federal and State Income Taxes

Payments for Performance Based Incentives and associated bill credits in the RE Growth program will be taxable income for some recipients. To enable the Company to meet its obligation, all applicants/owners and associated customers receiving bill credits for enrolled facilities must provide Rhode Island Energy with completed Form W-9s subject to the following conditions, regardless of the taxability of Performance Based Incentives. In addition, as the payer, Rhode Island Energy may be obligated to report this income on Form 1099. Following are general rules regarding Form W-9s and the issuance of Form 1099s.

Residential Recipients

- While bill credits provided to residential customers **may not** be reported as taxable income because Rhode Island Energy will not be procuring energy from such systems, such customers are still required to provide a Form W-9. These customers should consult with their tax advisors to determine the taxability of these credits. Based on current tax law, Rhode Island Energy does not intend to issue Form 1099s for these customers.

Other Recipients

- Small Solar project applicants must provide Form W-9s at the time of the initial interconnection and RE Growth program application and are expected to be issued a Form 1099.
- Bill credits provided to non-residential, non-exempt customers will be reported as income. Such customers must provide a Form W-9 to Rhode Island Energy and are expected to be issued a Form 1099.
- Medium Solar project applicants and all applicants in the competitive procurements for larger solar and other technologies must provide Form W-9s after selection and before receiving payments. It is expected that these recipients will be issued a Form 1099.

Those entities that are not exempt from reporting will then receive Forms 1099 from the Company by the end of January of each year for any cash payment made in excess of \$600 for that particular tax year. Please consult with a tax professional to determine the taxability of such reported income. Rhode Island Energy cannot provide tax advice.

Submittal of Form W-9s and Payment/Credit Transfer Forms

The Applicant should fill out a Payment/Credit Transfer Form, available with other program documents, and appropriate Form W-9s for each project. Because Form W-9s and the Payment/Credit Transfer Form contain sensitive customer information, Rhode Island Energy allows them to be submitted as paper copies, with signatures, to the Rhode Island Energy representative handling the project's interconnection and enrollment process. Applications may be submitted with scanned Form W-9s and submitted via a secure email link that will be sent to the customer directly for secure transfer of any customer sensitive documentation. Form W-9s should not be sent by regular email or posted to any online portal. If changes are made in the owner's or bill credit recipient's legal name or ownership is transferred, those new payment recipients must provide an updated PCT form and Form W-9s to Rhode Island Energy when such changes are made. Projects that do not update and submit Form W-9s or other paperwork that is needed in a timely manner will be suspended from being paid under the RE Growth tariff until such records are updated and will be at risk of forfeiting payment or being terminated under the tariff if such records are not updated after 90 days.

To protect customer personal information, Rhode Island Energy holds such information in restricted access areas and data files, per Rhode Island Energy's Global Information Security Policy.

Gross Earnings Taxes on the Rhode Island Energy Bill

Customers who will be receiving bill credits as part of the total compensation provided under the RE Growth program will receive a monthly electric service bill based upon the on-site usage at the service location. Gross earnings tax will be applied to the gross amount of the bill, as applicable, according to the customer's retail delivery service rate class.

Bill credits based upon the net generation of the applicant's generation unit will not include gross earnings tax (i.e., the customer will be responsible for paying gross earnings tax assessed on the bill for on-site usage).

All customers, except eligible manufacturing customers, are subject to an assessment of the 4% gross earnings tax. Eligible manufacturing customers are those customers who have on file with the Company a valid certificate of exemption from the Rhode Island sales tax (under Rhode Island General Laws section 44-18-30(7)) indicating the customer's status as a manufacturer.