



Via Electronic Mail

April 1, 2025

The Honorable Joseph Solomon
Chair, House Corporations Committee
Room 101, State House
Providence, RI 02903

Re: CLF **Opposes** House Bill No. 5575 – Long-Term Contracting Standards for Renewable Energy

Dear Chair Solomon:

The Conservation Law Foundation (“CLF”) appreciates the opportunity to comment on H-5575, regarding long-term contracts for nuclear energy. As drafted, CLF **opposes** this proposal because it expands the utility’s ability to earn new sources of revenue without providing any tangible benefit to Rhode Island ratepayers.

Founded in 1966, CLF is a member-supported non-profit advocacy organization working to protect public health and the environment and build healthy communities in Rhode Island and throughout New England. CLF supports policies that increase New England’s supply of clean electricity from renewable sources and help to achieve the greenhouse gas emissions reduction mandates of the Act on Climate.

CLF understands that this bill does two things: (1) provide authority for Rhode Island Energy to sign long-term contracts for nuclear energy, and (2) expand Rhode Island Energy’s ability to earn remuneration—a.k.a. profit on a percentage of a contract’s value—on any long-term contract executed under this statute.

First, CLF recognizes the value of the baseline electricity generation represented by our existing nuclear facilities. While we remain extremely concerned about the risk posed by the transportation and long-term storage of radioactive waste, and such concerns could lead to opposition to new nuclear facilities, there is undoubtedly a climate benefit to the ongoing use of nuclear to the extent that it prevents the construction and operation of new fossil fuel generation facilities.

It is the second set of amendments that CLF finds much more concerning.¹ The bill contains two separate sections entitled “Financial remuneration and incentives,” amending two distinct sections of the General Laws that govern the ways in which Rhode Island Energy is authorized to

¹ Pg. 1, ln. 3 – pg. 2, ln 9, and pg. 10, ln. 3 – pg. 10, ln 23.

sign long-term contracts with energy generators utilizing ratepayer funds. Historically, the utility has made claims that entering into these long-term contracts poses a financial risk to the company, even though the law puts the entirety of the risk for that long-term contract on the ratepayers. In fact, in RI PUC Docket No. 4929,² National Grid sought \$88M in shareholder remuneration in exchange for signing an agreement with Deepwater Wind for 400MW of off-shore wind energy, claiming that it was “...for the use of capital and to offset some perceived risk to [National Grid]’s balance sheet.”³

However, National Grid, the owner-operator of our electric utility at the time, was unable to offer evidence to prove that there was any cost to shareholders or actual risk to the company’s balance sheet.⁴ Under oath, National Grid’s experts cited to credit agencies’ guidance, with Moody’s indicating:

Some utilities have the ability to pass through the cost of purchased power under PPAs to their customers. As a result, the utility takes no risk that the cost of power is greater than the retail price it will receive. Accordingly, we regard these PPA obligations as operating costs with no long-term debt-like attributes.⁵

S&P similarly says that:

A 0% risk factor [meaning zero debt imputation by S&P] indicates that the burden of the contractual payments rests solely with ratepayers, as when the utility merely acts as a conduit for the delivery of third party’s electricity.⁶

In 2022, when the General Assembly amended the Affordable Clean Energy Security Act⁷ to authorize a new offshore wind procurement, it amended the remuneration provision to phase out remuneration for any contracts executed after December 31, 2026. At that point the state’s regulators and the national credit agencies had all weighed in to indicate there is no financial risk to a utility for a long-term contract in which it is using ratepayer funds to finance the purchase of electricity.

Why is Rhode Island Energy coming back to change the legal standard in order secure a new revenue source? It should be noted that this right to remuneration is not limited to contracts for nuclear power. As drafted, this legislation would grant them the right to seek remuneration for any long-term contract, including contracts for the same type of projects for which they were denied recovery only a few years ago.

² All Docket 4929 documents are available at <https://ripuc.ri.gov/eventsactions/docket/4929page.html>.

³ RI PUC, Order 23609, pg. 15 (June 7, 2019), available at https://ripuc.ri.gov/sites/g/files/xkgbur841/files/eventsactions/docket/4929-NGrid-Ord23609_6-7-19.pdf.

⁴ *Id.*

⁵ *Id.* at 16.

⁶ *Id.*

⁷ R.I. Gen. Laws § 39-31-1 *et seq.*



At this time when energy bills are increasing and the utility is proposing to spend billions of our dollars on both the gas and electric systems—investments on which they will earn a healthy profit—there is no reason to saddle ratepayers with another source of utility profit.

CLF encourages you to reconsider this proposal and see if it can be amended so as to not subject Rhode Island ratepayers with the risk of unnecessary costs that would put further upward pressure on our utility bills.

Thank you for your time and consideration of this testimony.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jamie Rhodes", is written in a cursive style.

Jamie Rhodes
Senior Attorney
Conservation Law Foundation

cc: Members of the House Corporations Committee
Darrèll Brown, Vice President, Rhode Island, Conservation Law Foundation