

April 1, 2025

The Honorable Joseph J. Solomon, Jr.
Chairman, House Corporations Committee
Rhode Island State House
Providence, Rhode Island 02908

RE: H-5820 – Relating to Public Utilities & Carriers – Renewable Energy Standard

Dear Chairman Solomon:

On behalf of Rhode Island Energy, I write in **support** of H-5820, which proposes amendments to the state's Renewable Energy Standard (RES) compliance schedule. Although the proposed timelines in this bill can be reasonably debated, its overall intention – that is, extending out the RES schedule to reduce near-term compliance costs while still resulting in the timely achievement of 100% renewable supply by 2050 (Act on Climate) – should be given serious consideration by the General Assembly.

Rhode Island Energy provides essential energy services to more than 770,000 customers across the state through the delivery of electricity and natural gas. Our team of 1,400 union and non-union employees is dedicated to helping Rhode Island customers and communities thrive, while supporting the transition to a cleaner energy future in a safe, reliable, and affordable manner.

Rhode Island Energy is fully supportive of the state's overall climate goals and is committed to doing its part to further the clean energy transition. However, if the robust public dialogue around energy affordability this past winter teaches us anything, it is that immediate and near-term utility bill impacts must also be considered. This past winter, approximately 21% of the "typical" residential electric bill (500 kWh/mo.) supported public policy initiatives and state taxes, equating to more than \$36/month. These costs increase or decrease based upon a customer's individual monthly usage. While these initiatives, including the RES, provide important energy, economic, and environmental benefits for Rhode Islanders, they also come at a cost that must be paid today.

Rhode Island Energy and other third-party suppliers of electrical energy (e.g., competitive retail suppliers) are obligated by law to comply with the RES, which requires the purchase of renewable energy certificates (RECs) from eligible renewable resources to meet an increasing share of total electric deliveries over time. In 2024, electric suppliers were required to offset 28% of their total deliveries with RECs; that obligation increased to 34% in 2025 and, if left unchanged, will ramp up significantly in the coming years until reaching 100% by 2033 (and thereafter). The costs incurred by electric suppliers to meet this mandate are recovered through electric *supply* rates – this is true whether you take Rhode Island Energy's last resort supply service (LRS), are enrolled in a municipal aggregation program, or have another third-party supply arrangement. The Block Island Utility District and Clear River (Pascoag) Utility District are specifically exempt from the RES.

RES costs are passed through to electric customers with no utility "mark-up" or profit. This year, the typical residential electric customer (500 kWh/mo.) on Rhode Island Energy's LRS supply



rate will pay \$7.31 per month to support the RES program in isolation. Utility bill impacts will vary each month, from customer to customer, based upon total energy usage. Overall, Rhode Island Energy customers paid \$33 million in RES compliance costs in 2024 and \$141 million over the past five years. These values represent Rhode Island Energy's compliance costs only; we do not have data on RES compliance costs incurred by third-party suppliers.¹

H-5820 proposes to hold RES compliance requirements at 2024 levels for the next ten years. In doing so, we estimate that Rhode Island Energy's RES obligations could decrease by more than \$230 million (NPV '24\$) over that period when compared to today's compliance schedule. Again, this represents Rhode Island Energy only and does not account for reductions in compliance costs incurred by third-party electricity suppliers. Actual avoided costs will fluctuate based upon total electric demand served, changes to REC prices, and other factors. The bill also establishes a longer runway for additional renewable energy resources to enter the market and increase REC supplies over the coming decade, which is even more critical with federal pressures working against offshore wind resources in the near term. By securing additional time for new technologies and resources to mature and enter the marketplace, REC prices could be reduced over time. **Importantly, H-5820 still results in the state achieving its 100% renewable goal in advance of the Act on Climate's 2050 economy-wide, net-zero emissions mandate.**

Rhode Island Energy is committed to working with state lawmakers, regulators, and other stakeholders to explore opportunities for more equitable and cost-efficient policy outcomes, particularly when those policies are funded through local utility bills. Clean energy policies, such as the RES, should be thoughtfully examined and re-calibrated for affordability, equity, and reliability – while ensuring that customers still benefit from (and retain reasonable access to) renewable energy supplies.

Our Company appreciates and empathizes with the financial challenges that so many of our family, friends, and neighbors – your constituents and our customers – are facing each day, especially at a time when the price of basic goods and services are increasing throughout the economy. We applaud the Committee's willingness to work collaboratively to identify meaningful opportunities that can reduce energy cost burdens for Rhode Islanders, while ensuring the continued safe and reliable delivery of energy vital to the wellbeing of our citizens and economy. Rhode Island Energy looks forward to being a productive partner in those efforts.

Thank you for your consideration and continued leadership.

Respectfully,

Nicholas S. Ucci
Director of Government Affairs

CC: The Honorable Members of the House Corporations Committee
The Honorable Charlene Lima, Rhode Island House of Representatives

¹ Today, Rhode Island Energy provides last resort supply service (LRS) to ≈ 42% of statewide electric demand.