

March 21, 2024

The Honorable David A. Bennett
Chairman, House Environment & Natural Resources Committee
Rhode Island State House
Providence, Rhode Island 02908

RE: H-7782 – Relating to Health & Safety – The Rhode Island Clean Heat Standard Act

Dear Chairman Bennett:

On behalf of Rhode Island Energy, I write in **opposition** to H-7782, which would establish a new, energy-consumer funded program to reduce greenhouse gas emissions in the heating sector. For the reasons detailed below, our company cannot support this bill as drafted and urges the Committee to hold H-7782 for further study. Although more work needs to be done, Rhode Island Energy does believe the introduction of this bill has fostered an opportunity for future discussion and collaboration.

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 1,300 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.

The proposed Act has several critical flaws that must be addressed and informed by stakeholder input before advancement:

- **There has been no comprehensive cost/benefit analysis conducted**, to our knowledge, that demonstrates how this policy would impact energy affordability for Rhode Island residents businesses;
- This legislation is **not informed by other on-going analyses designed to shed light on heating sector and economy-wide decarbonization**, and that will help identify an appropriate suite and construct of policies and programs to foster a safe, affordable, and reliable clean energy future;
- **The legislation is not technology or fuel neutral**. This could have significant consequences for Rhode Island’s ability to adequately meet Act on Climate mandates, to serve heating demands reliably and cost-effectively across all economic sectors, and for the preservation of consumer choice.¹ It may also stymie valuable opportunities for innovation, investment, and job growth.

¹ “[F]or policy to support Rhode Island’s heating sector transformation, the next 10 years should not focus on advancing a single or limited set of solutions. Instead, **Rhode Island should ensure that it is making progress, regardless of which solution (or mix of solutions) ultimately prevails.**” Also, “A second key policy element that will ensure progress towards decarbonizing the heating sector is enacting a set of **technology-neutral measures that will reduce the carbon intensity of all energy sources used for heating** – electricity, gas, oil, and propane – over time.” [emphasis added]. See [Heating Sector Transformation in Rhode Island – Pathways to Decarbonization by 2050](#), prepared for the Rhode Island Office of

First, **Rhode Island Energy is unaware of any comprehensive cost/benefit assessment of this Act. This is a vital and necessary first step** – and gets to the core of the bill’s purported interests in ensuring “equity.” Consideration of new public mandates – especially of this magnitude – should be grounded in thorough, transparent economic analyses inclusive of stakeholder input. **It is vital that Rhode Island policymakers and stakeholders – most notably, energy consumers – understand how this proposed program would impact heating and fuel costs.**² For this reason alone, H-7782 should be held for further study.

Furthermore, **H-7782 preempts important work now underway to inform viable pathways toward reducing economy-wide greenhouse gas emissions – particularly in the heating sector.** This includes the Public Utilities Commission’s (PUC) “Future of Gas” investigation (Docket 22-01-NG),³ with its staged approach toward informing future policy and investment pathways that strike appropriate balances between safety and reliability, affordability, equity, and many other factors important to our economy and society. Its findings may prove to be a valuable input into the EC4’s plan of “strategies, programs, and actions to meet economy-wide enforceable targets for greenhouse gas emissions reductions” – a report not due until December 31, 2025.

H-7782 fails to benefit from these important analytical, technical, regulatory, and stakeholder inputs foundational to sound policymaking. For instance, this legislation, at § 23-23.8-5(a)(a), requires the EC4 to set annual credit requirements “at a pace sufficient for the thermal sector to achieve lifecycle carbon dioxide equivalent (CO₂e) emission reductions consistent with chapter 6.2 of title 42 for 2030, 2040, and 2050.” However, that sector-specific “pace” should not and cannot reasonably be established outside of a broader economy-wide analysis, as various carbon-emitting sectors will almost certainly transition at different rates.

Third, **by failing to remain fuel neutral, the proposed Act prematurely picks “winners and losers” instead of driving innovation and lowering costs through competition. This has substantial implications for consumer choice, energy affordability, the safe and reliable delivery of heating services, and viable achievement of the state’s Act on Climate goals.** Specifically, at § 23-23.8-3(2), the bill states that “Clean heat measures shall not include switching from one fossil fuel use to another fossil fuel use, or the use of renewable natural gas or hydrogen.”⁴ In contrast, Vermont’s “Affordable Heat Act” (S. 5, 2023) specifically includes reference to renewable natural gas and hydrogen as eligible clean heat measures. To the degree that performance standards permit flexibility in resources and delivery methods, they can promote new ideas and uncover cost-

Energy Resources and Rhode Island Division of Public Utilities & Carriers, by The Brattle Group. This report is accessible at: energy.ri.gov.

² For reference, Vermont’s Secretary of Natural Resources testified in January 2023 to potential clean heat standard costs, noting that **Vermonters could face more than \$2 billion in compliance costs between 2026 and 2030 alone, not including administrative costs. It could also raise the price of a gallon of heating fuel by 70-cents per gallon.** Note that Vermont’s total population is approximately 60% of Rhode Islands. Testimony of Secretary Julie Moore, Vermont Agency of Natural Resources, 1/26/23, Vermont Senate Committee on Natural Resources and Energy.

³ The PUC’s “Future of Gas” investigation (Docket 22-01-NG) has been specifically established to examine “the extent to which the requirements of the Act [on Climate] impact the conduct, regulation, ratemaking, and the future of gas supply and gas distribution within Rhode Island.” The scope of that proceeding recognizes the need to create “a framework and, to the extent possible, a timeline for equitable implementation of necessary or beneficial actions under the PUC’s jurisdiction over the gas system specifically and/or public utilities generally.” And, it notes the need to “(i) identify necessary or beneficial actions that are beyond the PUC’s jurisdiction over the gas system specifically and/or public utilities generally.”

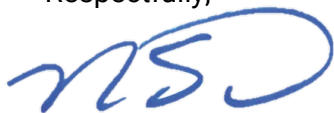
⁴ Page 2, lines 5-7.

savings opportunities, lowering the cost of compliance. Therefore, all clean fuels should be eligible within any proposed clean heat standard legislation if their use can reduce lifecycle greenhouse gas emissions relative to traditional fossil fuels. This approach is consistent with the State's own outlook toward alternative fuels to date. For instance, in 2023, Rhode Island joined six other states in the submission of the group's proposal for a Northeast Regional Clean Hydrogen Hub to the U.S. Department of Energy to compete for a \$1.25 billion share of federal hydrogen hub funding available as part of the Infrastructure Investment and Jobs Act (IIJA).⁵ While this proposal was not ultimately selected for the funding opportunity, the need to pursue and support all clean fuel technologies remains critical.

In closing, Rhode Island Energy respectfully urges the Committee to reject H-7782.

Thank you for your consideration of these comments.

Respectfully,



Nicholas S. Ucci
Director of Government Affairs

CC: The Honorable Members of the House Environment & Natural Resources Committee

⁵ In announcing this action, Governor McKee stated, "Rhode Island must rely upon diverse sources of clean energy, particularly for hard-to-decarbonize industries. We are proud partners in this interstate effort to create a clean hydrogen infrastructure that will help New England lead the fight against climate change." [Rhode Island and 6 States in the Northeast Regional Clean Hydrogen Hub Announce Submission of \\$3.62 Billion Proposal to U.S. Department of Energy for Funding and Designation as National Hub](https://energy.ri.gov/press-releases/rhode-island-and-6-states-northeast-regional-clean-hydrogen-hub-announce-submission), April 7, 2023. Available: <https://energy.ri.gov/press-releases/rhode-island-and-6-states-northeast-regional-clean-hydrogen-hub-announce-submission>.