

February 6, 2025

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

**RE: H-5167 – 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-5167, which would establish a new, customer-funded energy program to reduce greenhouse gas emissions in the heating sector. While the underlying premise of a clean heat standard may have some merit, notably absent is any cost impact analysis that might inform its consideration or prepare Ocean State families and businesses for increased heating bills stemming from its implementation. Advancement of this policy in isolation from broader, economy wide emission reduction strategies and the absence of fuel-neutrality are other critical flaws that warrant caution.

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.

Respectfully, the proposed Act has several critical deficiencies:

- **No economic impact analysis:** to our knowledge, there has been no comprehensive cost/benefit analysis conducted to inform how this policy would impact energy affordability throughout Rhode Island. *However, a January 2025 report issued by the Vermont Public Utilities Commission (VT PUC) found that a similar mandate would cost Vermonters more than \$955 million in its first ten years alone. It would also cause fuel oil and propane prices to jump by as much as \$0.65 per gallon by 2035; residential natural gas rates would increase by as much as 44-50% when compared to a business-as-usual case over the next decade. According to the VT PUC, “all Vermonters who are using fossil fuels would pay increased costs for that fuel, and consistent with many other energy programs, the costs of the Clean Heat Standard are regressive.”<sup>1</sup>*
- **Not informed by critical sector- and economy-wide analyses:** advancement of this legislation would preempt important work now underway to inform viable pathways toward reducing economy-wide greenhouse gas emissions – particularly in the heating sector.

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<sup>1</sup> [Report to the Vermont Legislature – Second Checkback Report on the Clean Heat Standard Under Act 18 of 2023, Section 6\(i\)](#), submitted by the Vermont Public Utility Commission to the Senate Committees on Finance and on Natural Resources & Energy, and the House Committees on Environment and on Energy & Digital Infrastructure, January 15, 2025.

- **Not technology/fuel neutral:** by picking “winners and losers” up front in its definition of eligible “clean heat measures,”<sup>2</sup> the proposed legislation could have significant consequences for Rhode Island’s ability to adequately meet Act on Climate mandates, serve heating demands reliably and cost-effectively across all economic sectors, and preserve customer choice. It would also stymie valuable opportunities for innovation, investment, and job growth, and may be inconsistent with the treatment of renewable gas and clean hydrogen in other Rhode Island state laws.

As noted, the potential cost impacts of this proposed legislation on Rhode Island homes and businesses could be substantial and must be understood before advancing the Act. For instance, in every scenario analyzed for a single-family participating customer, the VT PUC found that both participating *and* non-participating natural gas customers would see their total heating costs *increase* under the program. Along with program compliance costs, implementation of a clean heat standard could also result in significant new administrative costs and resource burdens for affected state agencies and obligated entities, as well as a need for substantial (and on-going) consumer education campaigns. As the VT PUC recommended to its legislature, consideration should be given to alternative mechanisms “that would be less complex and would have lower administrative costs.” The Rhode Island Public Utilities Commission (RI PUC) expressed similar concerns regarding complexity and costs in its March 2024 testimony to the Committee.<sup>3</sup>

A new mandate of this magnitude should also be grounded in the important sector- and economy-wide study efforts already underway. This includes the RI PUC’s “Future of Gas” investigation (Docket 22-01-NG) 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. By advancing ahead of this important work, H-5167 fails to benefit from important analytical, technical, regulatory, and stakeholder inputs foundational to sound policymaking.

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. To the degree that performance standards permit flexibility in resources and delivery methods, they can promote new ideas and uncover cost-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. The disparate

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<sup>2</sup> Specifically, the bill states that “(c)lean 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” (page 2, lines 6-8). In contrast, Vermont’s “Affordable Heat Act” (S. 5, 2023) specifically includes reference to renewable natural gas and hydrogen as eligible clean heat measures.

<sup>3</sup> In a March 2024 letter to the Committee, the RI PUC stated, “In general, the design of the bill is to create an energy standard. Energy standards are complicated to define as well as difficult to validate and enforce. Inevitably, development of the standard will require a complex data collecting and tracking system that does not now exist. The challenge and complexity should not be underestimated. Poor design can lead to high administrative costs along with volatile program and market conditions.” [RI PUC Letter to the Honorable David A. Bennett, Chair, House Environment and Natural Resources Committee re: House Bill 7782 – Clean Heat Standard Act](#), March 21, 2024.

treatment of certain technologies in this bill may also be inconsistent with existing state law, as testified to by the RI PUC in 2024.<sup>4</sup>

Finally, it should be stated that, after many months of study, the VT PUC determined that a clean heat standard was “not well suited to Vermont.” The VT PUC “strongly recommends that the Legislature find an alternate way of achieving GWSA [Global Warming Solutions Act of 2020] requirements in the thermal sector.” They noted the state’s “long history of implementing innovative and effective programs to reduce energy use” and found that “it would be more effective to support this existing work rather than introduce a complex new regulatory layer that would disrupt existing programs.”

In closing, Rhode Island Energy respectfully urges the Committee to oppose H-5167.

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  
Representative Terri Cortvriend

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<sup>4</sup> Ibid. The RI PUC explained how the proposed legislation’s prohibition on renewable natural gas and hydrogen as clean heat measures was inconsistent with the state’s Renewable Energy Standard (RES), stating “(c)urrently, electric generators using renewable natural gas or hydrogen can be qualified as renewable electricity generators. Currently, biomass facilities using eligible biomass fuels are defined as renewable energy resources and typically comprise a significant portion of compliance with the RES annually.”