

HB-5575

PUC



STATE OF RHODE ISLAND

Public Utilities Commission

89 Jefferson Boulevard
Warwick, Rhode Island 02888
(401) 941-4500

Chairman Ronald T. Gerwatowski
Commissioner Abigail Anthony

April 1, 2025

The Honorable Joseph J. Solomon, Jr.
Chair, House Corporations Committee
State House
Providence, RI 02903

Re: House Bill 5575 – Affordable Clean Energy and Security Act and Long-Term Contracting Standard

Dear Chair Solomon:

I am submitting comments on behalf of the Public Utilities Commission (PUC) regarding House Bill 5575 which: (1) adds nuclear procurement contracts to the Affordable Clean Energy and Security Act (ACES); and (2) amends the Long-Term Contracting Standard and ACES to allow Rhode Island Energy to profit from contracts for which they have no risk of cost-recovery.

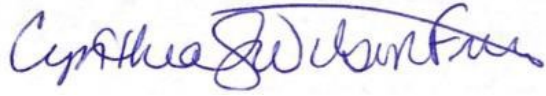
The PUC is neutral about adding nuclear to ACES. As drafted, such nuclear contracts would operate like the offshore wind contracts and be recovered as a public policy cost on all electric customers' bills. Rhode Island Energy (RIE) would enter into a power purchase agreement with the nuclear facility for a certain amount of output at a certain price. When the nuclear facility operates, the energy will be delivered to the wholesale market at whatever price the market is paying. Depending upon the market price of electricity, if the contract is above market, ratepayers would pay the difference between the contract price and market price; if the market price is higher, ratepayers would be credited with the proceeds from the sale of nuclear energy. The PUC cannot currently forecast whether nuclear will lead to cost savings for ratepayers, but notes this would be the first such contract for an existing resource.

The PUC opposes allowing remuneration on these contracts. They are no different from energy supply contracts for which cost recovery is guaranteed. RIE earns no profit on supply contracts and should not earn one on these. Notably, there has been no evidence presented to the PUC that ratings agencies view the construct in Rhode Island law negatively.

The PUC recommends that the bill be amended to require the contract to transfer all environmental attributes and any other energy related attributes such as NEPOOL-GIS certificates to Rhode Island Energy for the benefit of its customers. It would be important for the state to obtain the credit for the non-carbon emitting energy which would be used in the calculation of emissions for purposes of the Act on Climate.

Please feel free to contact me with any questions at cynthia.wilsonfrias@puc.ri.gov or 401-780-2147.

Sincerely,

A handwritten signature in blue ink, reading "Cynthia G. Wilson-Frias". The signature is fluid and cursive, with the first name "Cynthia" being more prominent.

Cynthia G. Wilson-Frias
Chief of Legal Services

Copy: Governor's Office
Lynne Urbani, House Policy