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House Committee on Corporations
Rhode Island State House
82 Smith Street
Providence, Rhode Island 02903

Acadia Center Testimony in Opposition to House Bills 6204, 6203, and 6202

Cutting Energy Efficiency and Clean Energy is Not the Answer to Lowering Rhode Islanders' Energy Bills

By Emily Koo, Acadia Center

Energy costs hit Rhode Islanders hard this winter. Residents and communities are mobilizing to understand the drivers of their rising energy burden and calling on our political leaders to take action. Despite the many energy cost drivers embedded within the supply and delivery portions of our electric and gas bills, we are seeing the unfortunate – and all too familiar – scapegoating of energy efficiency and clean energy for recent cost increases. In fact, any leader in search of tools to help lower energy bills in the short- and long-term should be looking to double down on energy efficiency and clean energy. For this reason, Acadia Center urges you to oppose House Bills 6204, 6203, and 6202.

The continued attack on energy efficiency is especially counterproductive. Now more than ever, energy efficiency is the most potent tool Rhode Island has to empower consumers and insulate families and businesses from rising energy costs. Energy efficiency directly lowers energy bills for those that participate in the programs and those who pay into the programs (all of us!). Efficiency reduces the amount of energy we need to buy and can avoid and defer expensive upgrades to our power grid. Thanks to energy efficiency, Rhode Island's electric use in 2023 was 11% lower than it was in 2005, instead of 9% higher.¹ Since 2009, Rhode Island's ratepayer funded energy efficiency programs have provided over \$5.7 billion in realized benefits. This compares to total program costs of about \$1.9 billion, meaning that every \$1 invested in energy efficiency has resulted in \$3 of benefits to Rhode Islanders.² These benefits and savings (plus those like the comfort of our homes, job creation, and emission reduction) far outweigh the approximately 4-4.5% charge on a typical residential electric or gas bill, and, in fact, are legally required to be cost effective (benefits exceeding costs) prior to being approved for ratepayer funding each year.

Blaming renewables for rising energy costs is also misguided, when the volatility of our supply costs is driven in large part by the region's overreliance on natural gas and other fossil fuels. Rhode Island is part of a regional power grid that relied on natural gas for more than 50% of annual generation in 2024.³ In addition to the volatility of global gas markets (in which the U.S. is now a net exporter of LNG with plans to double that export capacity in the next three years), the price of our gas and our electricity can also be impacted by extreme temperatures, supply constraints, and

¹ Rhode Island Energy Efficiency Council. Annual Report June 2024. <https://eec.ri.gov/wp-content/uploads/2024/07/EEC-2024-Annual-Report-Final-6-20-24.pdf>

² Rhode Island Energy Efficiency Council. Annual Report June 2024. <https://eec.ri.gov/wp-content/uploads/2024/07/EEC-2024-Annual-Report-Final-6-20-24.pdf>

³ ISO-New England. Sources of Electricity Used in 2024. <https://www.iso-ne.com/about/key-stats/resource-mix>

demand at certain times of the day and year. Adding new sources of clean energy, both small and large, can help diversify our supply and insulate Rhode Island and the northeast from swings in fossil fuel prices. For example, more high-value offshore wind resources can mitigate winter price spikes: recent analysis demonstrates that New England would have saved \$200 million in electricity costs if the offshore wind projects under construction in New England had been in operation this past winter.⁴ Similar to the effect of energy efficiency, solar and storage directly serving homes and businesses benefit all customers by reducing the amount of energy we all need to buy and pass through the system and suppressing the price paid for all other energy bought in the market.

Proposals to cut energy efficiency and clean energy are shortsighted and counterproductive – both contribute to energy supply needs and build resiliency into our system. But, how else can leaders shield Rhode Islanders from rising energy costs? The options for cost control across supply and delivery charges are complex, often bound by the regulatory process, but there are many tools out there.

In Rhode Island, the Public Utilities Commission (PUC) is tasked with regulating monopoly utilities such as Rhode Island Energy and determining the balance between sufficient electric and gas distribution infrastructure and just and reasonable rates. Lowering costs to ratepayers can be achieved by coordinating across gas and electric planning, requiring and incentivizing the use of lower-cost solutions, and limiting how much and when the utility can earn a profit. One example before the legislature this session is the simple codification of which expenses by the utility may not be paid for by ratepayers, like lobbying or other expenses that are likely to serve the interests of the company's shareholders and not ratepayers (H5818, S593). Another proposal aims to leverage the state's siting board to fill a glaring lack of scrutiny over rapidly expanding local transmission upgrades and ensure modern, low-cost technologies are considered (H5573, S862).

However, when it comes to the oversight of utility spending, the reality is that few stakeholders have the resources, attorneys, and technical knowledge to meaningfully participate in key dockets. That's why establishing an intervenor support program (H5815, S378) is key to introducing new voices into the regulatory process -- groups like municipalities, environmental justice communities, or others that have a stake in a proceeding but lack the resources to intervene and directly represent their own interests.

As stakeholders pursue cost controls and scrutinize utility spending, it is also critical that safeguards be put in place to protect our most vulnerable customers and communities and address disparities. Key safeguards include making bills more affordable, protecting energy access as a basic need, and reducing debt and supporting regular payment. Legislative efforts such as the Performance Income Payment Plan (PIPP) proposals or protections from utility shutoffs and disconnections deserve careful consideration by lawmakers seeking to tackle energy costs. These safeguards are even more urgent now as the Trump administration dismantles the Low Income Home Energy Assistance Program (LIHEAP).

Rhode Island leaders can and should take tangible steps to tackle the state's rising energy burden: pursuing oversight of utility spending, introducing support for meaningful participation, and ensuring that our most vulnerable have access to affordable energy. Acadia Center urges state leaders to explore these solutions and to not fall for the same misguided attacks on energy efficiency and clean energy.

⁴ American Clean Power analysis, 2025. Offshore Wind Will Lower New England Wholesale Prices During Peak Demand. Based on actual power demand levels and actual gas costs in most recent winter (Dec 24 – Feb 25).