

June 16, 2025

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

**RE H6418: Creating A Special Legislative Commission to Study and Provide Recommendations for Increasing the use and Building the Infrastructure for Alternative Fuels**

Dear Members of the House Corporations Committee:

Our firm volunteered as a stakeholder in the Future of Gas docket at the RI PUC, docket 22-01-NG, because of its vital importance to Rhode Island's energy future. We write to oppose H6418.

The Future of Gas proceedings opened in June of 2022. The PUC invested substantial state resources to hire expert consultants to oversee and provide analytical support and they conducted many hours of stakeholder proceedings and accepted large volumes of testimony to develop sound strategy, particularly for RI's thermal energy future. Stakeholders dedicated a huge amount of time and energy to inform the Future of Gas proceedings. The technical consultant issued its final report in April of 2024. It concluded, as one part of its expansive/comprehensive analysis, that "[t]he significant uncertainty associated with the availability and cost of renewable fuels, as well as the emissions impact of fuels under different accounting assumptions, suggest an increasing need for policies that mitigate risk associated with renewable fuels."<sup>1</sup> Stakeholders were informed by the managing consultant and the PUC staff that they expected issuance of a final report soon thereafter, definitely in time to inform this legislative session. We have still not received that final report.

*I. Procedural History*

When RI Energy bought Rhode Island's electric and gas utilities in 2023, this firm represented a coalition of energy professionals and experts in that proceeding, including Dr. Ken Payne, the former director of RI's Office of Energy Resources. That coalition, New Energy RI, advocated for commitments to implement the vision of much more cost effective and secure local distributed energy solutions that were carefully studied and recommended in RI's energy plan, *Energy 2035*.<sup>2</sup> The Division of Public Utilities and Carriers denied that coalition's right to participate in those proceedings, on the ground that our input was not in the public interest. The RI Attorney General appealed the Division's decision to approve the transfer in part because "it completely ignored a generational opportunity to address the state's climate goals in the perhaps the most important context of all: how our energy is produced and delivered," said Attorney General Neronha." He said, "[t]oday's agreement remedies all this. The time to address Rhode Island's energy delivery system and climate future is now, in this context, not elsewhere and not later. Wherever and whenever necessary, this Office will continue to fight for Rhode Islanders. Because Rhode Islanders deserve no less."<sup>3</sup>

<sup>1</sup> *Rhode Island Investigation into the Future of the Regulated Gas Distribution Business*, Energy & Environmental Economics (April 2024), at p. 104 see <https://apexanalytics.egnyte.com/f/04TdZqfybL#folder-link/Future%20of%20Gas%20Documents/Reports?p=46286d24-f7f2-4d79-a551-6be19cf4bfb5>

<sup>2</sup> *Energy 2035: Rhode Island State Energy Plan* (Oct. 2015) see <https://energy.ri.gov/resources/major-initiatives/state-energy-plan>

<sup>3</sup> See <https://riag.ri.gov/press-releases/attorney-general-neronha-announces-agreement-securing-over-200-million-value-ri>

At the outset of the Future of Gas docket, the PUC's scoping document stated that under the AG's settlement with RIE, the Future of Gas docket would supersede RIE's requirement to conduct a stakeholder process and report on meeting the requirements of the Act on Climate and developing and implementing a long-term strategy for our gas distribution system. The pertinent settlement provision was:

Future Investigation. To the extent that the RIPUC decides to open a docket to assess the future of the gas distribution business in Rhode Island, or any other party makes a request to the RIPUC to open such a docket, PPL will not object to the opening of such docket and, to the extent a report and a stakeholder process is mandated by such a docket, that report and process shall supersede the requirements of Sections 2(a) and 2(b). . .

Section 2(a) of the AG's settlement required RIE to hire a consultant within 60 days of the settlement (entered on May 20, 2022) to assess RIE's role in meeting the requirements of the Act on Climate and section 11 of its settlement stipulation. Section 11 said:

PPL will submit a report to the Division within twelve (12) months of the Transaction closing on its specific decarbonization goals for Narragansett to support the goals of Rhode Island's 2021 Act on Climate ("Act on Climate") and the long-term strategy for the gas distribution system in light of the Act on Climate.

*Report and Order, DPUC Docket D-21-09*, p. 256 (Feb 23, 2022) (the "Order"). In its settlement, RIE committed to: (i) present a long-term strategy for the gas distribution system in light of the Act on Climate, (ii) to produce a report to the Executive Climate Change Coordinating Council within 12 months to assist it with its plans for the implementation of the requirements of the Act, and (iii) to engage in a well-defined, transparent and thorough stakeholder process to ensure that it accomplished the goals of the settlement.

In the Future of Gas docket, our firm advocated that RIE remained obligated to meet its commitments under its settlement stipulated with the AG. The people of RI still deserve fulfillment RIE's settlement commitments. RI certainly deserved the results of the Future of Gas proceeding, to inform RI's future energy policy, long before this legislative session.

In stark contrast to the much deliberated and long anticipated PUC study of the future of gas, the H6418 was first proposed to the general assembly on Thursday June 12, 2025, and scheduled for hearing before this committee on June 16, 2024. The proposal would form a study commission composed mostly of entities and representatives that did not participate in the future of gas docket to restudy come up with (presumably different) recommendations than have already been deeply studied and produced by stakeholders and the PUC's technical consultant.

This proposal runs diametrically opposed to the AG's settlement in docket D-21-09, including especially the requirement that RIE "engage in a well-defined, transparent and thorough stakeholder process to ensure that it accomplished the goals of the settlement." In the absence of a long anticipated final report from PUC Docket 22-01-NG, the idea of starting a new study staffed by different interests to focus on and devise recommendations regarding one solution that was advocated by few stakeholders (principally RIE) and opposed by all the other stakeholders and experts is not only premature, it would misdirect the State's focus.

## II. The Substance

We encourage house members preparing to vote on this bill to first read all of the comments that were filed in the *Future of Gas* docket<sup>4</sup> and review the final report issued by the experts that the PUC hired as its/our technical consultants.<sup>5</sup> I hope that members of the Corporations Committee will have time to study that record before the hearing scheduled this afternoon.

Given the shortness of time between introduction of this bill and its hearing, I do not have time to summarize the (extensive) comments filed by stakeholders on the subject of the alternative fuels proposed to be studied anew by this commission. Nor do I have time to summarize the many stakeholder sessions that focused on this subject. I must instead rely on the findings of the technical consultant, Energy & Environmental Economics (E3), as stated to us in its final report.

### Renewable Fuels

Several studies estimate that New England is likely to have one of the lowest levels of biomass resources available for conversion into renewable fuels in the United States.<sup>6</sup> Scenarios that rely heavily on renewable fuels are therefore likely to source these fuels from out of region. While the import of fuels for energy purposes is common in Rhode Island today, this means that scenarios with higher levels of renewable fuels to serve heating demand are more likely to continue to rely on out-of-region resources in contrast to scenarios with higher levels of electrification that transition more strongly to in-region supply of energy for heating purposes. In particular, it is likely that the capital investments necessary to produce renewable fuels will occur out of region, while Rhode Island continues to rely on local infrastructure to deliver these fuels.

Both nationally and internationally, the supply of renewable fuels if sourced from biomass feedstocks is constrained by competition for critical land uses, which puts pressure on the availability and costs of resources as demand across sectors grows. Shown by the light gray bands in Figure 64, E3 estimated the maximum amount of biomethane that could be produced from biomass resources based on the 2016 DOE Billion Ton Report using different percentages of availability of biomass that could reasonably be allocated to the state of Rhode Island. These bands assume that a proportion of biomass resources produced in the eastern United States is entirely converted into biomethane or renewable diesel for use in Rhode Island.

Two primary considerations apply to scenarios that fall within or beyond the allocation range:

- Reliance on non-commercialized fuels. Scenarios with high demands for renewable fuels are likely to procure fuels sourced from non-biomass sources, such as synthetic natural gas or synthetic diesel. The production of these synthetic fuels requires production of green hydrogen as well as availability of a carbon-neutral source of CO<sub>2</sub> from either biorefineries or direct air capture. These production methods have a relatively low level of commercialization today (see section on Technology Readiness).
- Higher costs. The amount of fuels that can be procured for use in Rhode Island will ultimately depend on market mechanisms. A regional or national market for renewable fuel credits may emerge that would broaden the range of eligible sources or regions. However, as seen in other regions, credit prices fluctuate based on demand and may significantly drive up the cost of renewable fuels.

Figure 64 demonstrates that out-of-state resources may be required for Rhode Island to meet its goals, particularly in those scenarios where Rhode Island relies heavily on the use of renewable fuels to meet its emissions targets. Scenarios that retain high levels of gas demands, particularly Continued Use of Gas, may rely on currently non-commercialized fuels as early as 2030 resulting from constraints in availability of biomass resources. In addition, all scenarios rely on the use of

<sup>4</sup> see <https://apexanalytics.egnyte.com/f/04TdZqfvbL#folder-link/Future%20of%20Gas%20Documents/Submitted%20Comments>

<sup>5</sup> see <https://apexanalytics.egnyte.com/f/04TdZqfvbL#folder-link/Future%20of%20Gas%20Documents/Reports>

renewable diesel to some extent, at minimum to comply with the Biodiesel Heating Act by 2030. The demand for renewable diesel may drive up the costs or need for synthetic fuels as competition across sectors and regions increases.

While the above results should not be interpreted as prescriptions or forecasts of renewable fuel demand or availability for the state, they do show increased risk of dependence on renewable fuels for the Continued Use of Gas scenario, and to a lesser extent the Hybrid with Gas Backup and Hybrid with Delivered Fuel Backup scenarios, in the long term. As maximal production of biomethane or renewable diesel in these scenarios is likely unable to satisfy renewable fuel demands by 2050, Rhode Island would need to procure other types of emissions-compliant fuels, such as synthetic fuels which have a lower level of commercialization today and are likely to be available at higher cost. Production of these fuels through primarily out-of-state capital investment will rely on market and policy dynamics that Rhode Island will have little control over.

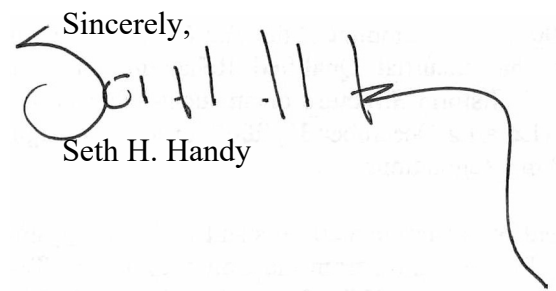
The significant uncertainty associated with the availability and cost of renewable fuels, as well as the emissions impact of fuels under different accounting assumptions, suggest an increasing need for policies that mitigate risk associated with renewable fuels. Such policies can be discussed and addressed in the Policy Development phase of this proceeding.<sup>6</sup>

Again, I deeply regret that the PUC has not issued its final report and recommendations from the Future of Gas process so that its stakeholders could consider and comment on the PUC's final position (that opportunity has not been allowed yet) and that might inform legislative deliberations like this one. However, even in the absence of that final report, the PUC's technical consultant makes it clear that renewable fuels do not represent enough of an opportunity that could possibly justify the focus of a legislative study commission. That is despite the inclination and the evident lobbying of our gas and electric utility.

### *III. Study Commission Composition*

If a study commission goes forward, please (at least) ensure proper integration and consistency with the *Future of Gas* process by making sure that its stakeholders that addressed this subject are adequately represented on the commission. If a restudy proceeds despite the input and results from the *Future of Gas*, we would propose amendment to appoint at least the following experts to the Commission based on their very substantive input on these issue in the *Future of Gas* docket: the Center for Justice, the Acadia Center, and the Conservation Law Foundation (who engaged Michael Walsh of Groundwork Data).

Thank you for your consideration of these comments in opposition to H6418.

Sincerely,  
  
Seth H. Handy

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<sup>6</sup> *Rhode Island Investigation into the Future of the Regulated Gas Distribution Business*, supra, at pp. 103 – 105. see <https://apexanalytics.egnyte.com/f1/04Tdzaqfvl#folder-link/Future%20of%20Gas%20Documents/Reports?p=46286d24-f7f2-4d79-a551-6be19cf4bfb5> I regret that I do not have the technological capacity to reproduce Figure 64 in the time allowed for today's proceeding.