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

Acadia Center Testimony in Support of House Bill 7880, creating a Percentage Income Payment Program (PIPP)

Dear Chairperson Solomon and Members of the House Corporations Committee,

Acadia Center appreciates the opportunity to provide testimony in **support of House Bill 7880, which authorizes the Public Utilities Commission (PUC) to create an income-sensitive tiered subsidy program to ensure that home energy utility costs are affordable for eligible low-income households**. Acadia Center is a non-profit research and advocacy organization committed to advancing an equitable clean energy future.

Why a PIPP?

High energy burdens are particularly severe for low-income households and communities of color, which exacerbate health, economic, and social instability.[1] The current system effectively works as a regressive tax, where **low-income people pay significantly more for a basic need**. The past victories of advocates and the George Wiley Center – including extensions of shut-off moratoriums, arrearage management plans, low-income discount rates, and protections for households with medically vulnerable customers and infants – are not systemic solutions. For customers paying outside their means for utilities, debt continues to accumulate.

Acadia Center stands beside fellow advocates in asserting that utility service is a basic need and an essential element of adequate housing and public health; *affordable* utility service is a key component of that. **Under a Percentage Income Payment Program (PIPP), low-income households pay a fixed percentage of their income for utility bills. A PIPP is an example of a systemic policy solution that treats the cause and not only the symptoms of high energy burdens.** Capping bills in this way ensures that people most vulnerable to utility terminations have more affordable utilities in the long-term.

Addressing concerns re: usage and cost

Often, we have heard concerns from energy conservationists that low rates encourage more usage. I have been working to demystify and refute this perception among fellow environmentalists. A PIPP can be designed such that signals to reduce energy consumption and pursue energy efficiency are maintained. First, low-income customers are naturally incentivized to conserve, with Rhode-Island specific and regional data asserting that lower income

[1] Kontokosta, C., V. Reina, and B. Bonczak. 2019. "Energy Cost Burdens for Low-Income and Minority Households." Journal of the American Planning Association, DOI: 10.1080/01944363.2019.1647446.

households consume less energy.[2] [3] Second, the PIPP does *not* enable unlimited usage by low-income customers. A PIPP can offer a subsidy only for typical energy usage and/or set a maximum annual benefit amount ($).[4] Above a typical annual usage or benefit amount, customers could again face a standard rate, which would maintain existing financial incentives for conservation and efficiency. In addition, customers who would be accessing or eligible for a PIPP make up an important population for our energy efficiency program administrator to focus on. Targeted investments in energy efficiency are a critical tool to reduce the energy required to make homes comfortable.

Another frequent concern revolves around the cost of low-income rates to remaining customers. First, the proposed PIPP would only apply to a very small subset of customers, whose household income is at or below 150% of the federal poverty level and who are eligible for LIHEAP or Medicaid. Secondly, the details of how the PIPP would be funded are still to be determined by the Public Utilities Commission (PUC) with input from stakeholders. Therefore, the PUC can and, we would argue, should choose to shield low and middle-income households from unreasonable rate increases or create a structure that places the cost burden on high income or highest energy usage customers.

Comparison to RI Energy's Enhanced Low Income Discount Rate Proposal

Rhode Island Energy is currently seeking approval of an increase in electric and gas base distribution rates before the Public Utilities Commission (PUC). This is often referred to as **RI Energy's rate case** and is captured in Docket No. 25-45-GE.[5] As part of these rate changes, RI Energy has proposed an enhanced low-income discount rate (LIDR+) for electric customers (not gas customers).

The LIDR+ establishes three discount tiers based on household income, all less than or equal to 250% of the federal poverty limit (FPL), with **deeper discounts for the lowest income households and customers**, or less than or equal to 75% of the FPL. To arrive at an enhanced discount for each income tier, RI Energy considers how much certain discount levels will impact energy burden for that tier. RI Energy further aims not to substantially increase the cost of the existing LIDR.

This model acknowledges that the use of averages and medians in the analysis obscures the energy burden by customers with lower incomes, as well as any potential differences in household size, electricity usage, and variation by municipality. Perhaps most notably, RI Energy estimates an enrollment rate for the LIDR+ of only 22% of eligible customers for each tier, based on actual enrollment in the existing LIDR.

For the less than a quarter of eligible customers that RI Energy predicts will enroll in the LIDR+, the energy burden under various discount scenarios ranges between 2.5% and 14.3%.[6] **While Acadia Center welcomes an enhanced**

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[2] 2023 analysis of RI Energy low-income customer data by the Center for Justice demonstrated that low-income customers on the A-60 rate in Rhode Island use less energy than basic residential customers (A-16).

[3] U.S. Energy Information Administration. 2020 Residential Energy Consumption Survey (RECS). Table CE1.2 Summary annual household site consumption and expenditures in the Northeast – 2020.

[4] In H7880, the PUC is directed to establish a maximum annual benefit and may also consider a targeted annual average expense.

[5] Docket No. 25-45-GE - The Narragansett Electric Co. d/b/a Rhode Island Energy - Application for Approval of a Change in Electric and Gas Base Distribution Rates (filed on November 26, 2025). https://ripuc.ri.gov/Docket-25-45-GE.

[6] Workpaper PRB-9 outlines energy burden under various scenarios. 25-45-GE - Schedules PRB-5-ELEC to PRB-6-ELEC and Workpapers PRB-1 to PRB-9 (11-26-2025).xlsx.

low-income discount rate (LIDR+) to increase financial support for the most vulnerable, a PIPP offers a more equitable and systemic solution to energy burden.[7]

Tool for a Just Energy Transition

The Act on Climate requires statewide emissions reductions of 45% below 1990 levels by 2030, 80% by 2040, and net-zero emissions by 2050. Heating residential and commercial buildings accounts for nearly 30% of Rhode Island's greenhouse gas emissions. To meet the Act on Climate emissions reduction mandates, we must tackle the transition of our building sector away from fossil fuels. This starts with meaningful investments in energy efficiency and continues with the electrification of our heating and other appliances.

Addressing inequitable energy burdens is critical to achieving a just energy transition and meeting Rhode Island's Act on Climate mandates. We must shift not just what types and how much energy we consume, but how we all collectively pay for that energy. Acadia Center aims to support the transformation of Rhode Island's building stock off fossil fuels and onto clean, efficient, all-electric heating and cooling systems and appliances. Progress on both affordability and decarbonization must be made simultaneously and with haste.

Despite the high efficiency of technologies like air source heat pumps, the cost of electricity disincentivizes gas to electric conversions. In Rhode Island, we have and continue to see the exclusion of gas customers, particularly low-income gas customers, from the transition due to concern and uncertainty of electric costs.

Stabilizing the cost of electrification requires a variety of solutions to ensure that the transition meets dual climate and economic justice goals. **A PIPP is one key solution and is being explored across the region.** While a PIPP doesn't solve the economics of electrification, it does (a) support more equal participation in the transition and (b) prevent further harm of increasing energy burdens.

- At the start of 2024, the Massachusetts Department of Public Utilities opened an inquiry to examine energy burden with a focus on energy affordability for residential ratepayers.[8] A PIPP is a key topic of interest and exploration.
- New York State launched an 'Energy Affordability Guarantee' pilot in 2023 that pairs fully subsidized efficiency and heat pump retrofits with a 6% cap on ongoing electricity costs for participating customers.[9]
- In its March 14, 2024, Performance-Based Regulation Straw Proposal, Connecticut's Public Utilities Regulatory Authority proposed an "Affordability and Energy Burden" scorecard to track customer energy

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[7] ACEEE Blog Post. "As Electric Costs Rise, More States Should Cap Bills for Low-Income Families." November 24, 2025. *High energy burdens in Rhode Island exemplify how rate reforms could bring significant relief.* https://www.aceee.org/blog-post/2025/11/electric-costs-rise-more-states-should-cap-bills-low-income-families

[8] Massachusetts Department of Public Utilities. "Energy Burden Inquiry." https://www.mass.gov/info-details/energy-burden-inquiry

[9] NYSERDA. "Governor Hochul Announces Energy Affordability Guarantee." 10 January 2023. https://www.nyserda.ny.gov/About/Newsroom/2023-Announcements/2023-1-10-Governor-Hochul-Announces-Transformative-Investments-in-Energy-Affordability#:~:text=Homes%20that%20qualify%20through%20the,of%20their%20incomes%20on%20electricity

burden and has specifically identified monthly energy bills that exceed 6% of household income as "unaffordable."[10]

Thank you for your consideration of this important bill to tackle energy burden for low-income households and equitably promote electrification in Rhode Island.

Sincerely,

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[10] State of Connecticut Public Utilities Regulatory Authority. "Docket Number: 21-05-15RE02, Investigation into Performance Mechanisms for a Performance-Based Regulation Framework, Notice of Straw Proposal." 14 March 2024. https://www.dpuc.state.ct.us/dockcurr.nsf/8e6fc37a54110e3e852576190052b64d/ecd6b3a99297a20685258ae00076c4fd?OpenDocument