

March 21, 2024

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

RE: H-7617 – Relating to Health & Safety – Building Decarbonization Act of 2024

Dear Chairman Bennett:

On behalf of Rhode Island Energy, I write in **opposition** to H-7617, which would establish several new, far-reaching energy benchmarking and building code mandates on Rhode Islanders that are disconnected from any comprehensive, economy-wide strategy to reduce emissions or assessment of potential compliance costs for Ocean State residents and businesses. If advanced, **H-7617 could have a profound negative impact on energy affordability, customer choice, housing affordability, economic competitiveness, energy system reliability, energy diversity, and future clean energy innovation and investment opportunities.**

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.

The proposed Act has several critical flaws that must be addressed and informed by stakeholder input before advancement:

- **There has been no comprehensive cost/benefit analysis conducted**, to our knowledge, that demonstrates how this policy would impact energy affordability and economic competitiveness;
- **It is not informed by analyses now underway designed to shed light on actionable, near-term steps that establish a runway to identify long-term pathways for economy-wide decarbonization in a manner that serves all customer types in a safe, affordable, and reliable manner;**
- **It is not technology and fuel neutral.**¹ This could have significant consequences for Rhode Island's ability to adequately meet Act on Climate mandates, to serve heating demands reliably and cost-effectively across all economic sectors, and for the preservation of consumer choice. It may also stymie valuable opportunities for future innovation, investment, and job growth;

¹ “[F]or policy to support Rhode Island’s heating sector transformation, the next 10 years should not focus on advancing a single or limited set of solutions. Instead, Rhode Island should ensure that it is making progress, regardless of which solution (or mix of solutions) ultimately prevails.” See Heating Sector Transformation in Rhode Island – Pathways to Decarbonization by 2050, prepared for the Rhode Island Office of Energy Resources and Rhode Island Division of Public Utilities & Carriers, by The Brattle Group. This report is accessible at: energy.ri.gov.

- **It ignores consumer choice and fails to account for customer implications.** Customers will ultimately determine the scale and pace of Rhode Island’s transition toward a decarbonized society. Thus, customer education, decision-making, and acceptance of requirements and costs to support climate mandates are important elements before the state can realistically consider implementing such sweeping decarbonization strategies;
- It presumes that the electric grid will be prepared to support all-electric construction in all locations and at all times but **does not account for foundational system and grid modernization investments (which also have costs) vital to electric system reliability – now and into the future;**
- **It provides for consideration of energy affordability after establishing mandates on the new construction or alteration of buildings across Rhode Island, and only for low- and moderate-income customers in all-electric buildings.** Rhode Island Energy concurs that ensuring energy affordability is paramount for our most vulnerable populations, but also recognizes that this challenge extends to many other customers as well. **H-7617 would have significant energy cost implications for all energy consumers, including the middle class and the state’s business community.** We note that the legislation specifically *excludes* “financial considerations” as a sufficient basis to determine infeasibility of compliance; and
- It presumes new buildings will be constructed and existing buildings renovated. On the contrary, **the complex permitting processes and costs associated with meeting the Act’s requirements are just as likely to delay necessary building improvements and could lead to the degradation of building conditions.** Of note, RIGL § 23-27.3-100.1.5.4 was amended in 2023 requiring adoption of the 2024 International Energy Conservation Code (IECC) within three months of its release. The 2024 IECC is expected to result in meaningful energy use, energy cost, and emissions reductions, without mandating customer fuel choice. Also, the 2024 IECC is expected to contain electric readiness provisions for residential buildings, and so will already begin the process of setting Rhode Island buildings up for success as future decarbonization strategies are refined. While the 2024 IECC will establish Rhode Island as a national leader in building energy codes, it represents a significant leap forward from the state’s current codes. It is our understanding that the building community already faces significant needs for training to ensure proper application, compliance, and enforcement of the code.

As noted, **Rhode Island Energy is unaware of any comprehensive cost/benefit assessment of this Act.** This is a vital and necessary first step. Consideration of public mandates of this magnitude should be grounded in thorough, transparent economic analyses that include opportunities for stakeholder input. **It is vital that Rhode Island policymakers and stakeholders – most notably, energy consumers – understand how the proposed Act would impact energy costs and affordability.** For this reason alone, H-7617 should be held for further study.

H-7617 also preempts important work now underway to inform viable pathways toward reducing economy-wide greenhouse gas emissions. For instance, the Public Utilities Commission’s (PUC)

“Future of Gas” investigation (Docket 22-01-NG)² is employing a staged approach toward informing future policy and investment pathways in the heating sector that strike appropriate balances between safety and reliability, affordability, equity, and many other factors important to our economy and society. Its findings may serve as an important input to the Executive Climate Change Coordinating Council’s (EC4) *economy-wide* analysis of “strategies, programs, and actions to meet economy-wide enforceable targets for greenhouse gas emissions reductions” – *a report not due until December 31, 2025*. **The proposed legislation fails to benefit from these important analytical, technical, regulatory, and stakeholder inputs foundational to sound policymaking.**

Finally, by failing to remain technology and fuel neutral, **the proposed Act prematurely picks “winners and losers,” which may result in substantial implications for consumer choice, energy affordability, the safe and reliable delivery of energy services, and viable achievement of the state’s Act on Climate goals.** Without question, building electrification will play an important role in the state’s pathway toward net zero by 2050. For some energy customers, it may indeed be a preferred approach for meeting energy demands. However, this will not be true for *all* energy customers – by choice, because electrification cannot adequately meet customer demands, or because a new technology is leveraged. Further, mandating such an outcome only serves to limit energy diversity – “putting all of our eggs in one basket” at this early stage of decarbonization is fraught with energy system reliability, diversity, and affordability risks. It is critically important for state policy to avoid establishing broad mandates that foreclose deployment of diverse energy technologies and solutions vital to meeting long-term emissions reduction mandates across all sectors of the economy.

Rhode Island Energy thanks the Committee for its consideration of these comments and respectfully asks that it oppose H-7617.

Respectfully,



Nicholas S. Ucci
Director of Government Affairs

CC: The Honorable Members of the House Environment & Natural Resources Committee

² The PUC’s “Future of Gas” investigation (Docket 22-01-NG) has been specifically established to examine “the extent to which the requirements of the Act [on Climate] impact the conduct, regulation, ratemaking, and the future of gas supply and gas distribution within Rhode Island.” The scope of that proceeding recognizes the need to create “a framework and, to the extent possible, a timeline for equitable implementation of necessary or beneficial actions under the PUC’s jurisdiction over the gas system specifically and/or public utilities generally.” And, it notes the need to “(i) identify necessary or beneficial actions that are beyond the PUC’s jurisdiction over the gas system specifically and/or public utilities generally.”