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RI House Committee on Environment and Natural Resources
Rhode Island State House
82 Smith Street
Providence, RI 02903

March 24, 2026

RE: H7912 RELATING TO HEALTH AND SAFETY -- THE RHODE ISLAND CLEAN HEAT STANDARD ACT

Dear Members of the House Committee on Environment and Natural Resources:

Our firm writes in support of H7912.

RI's Energy Plan (*Energy 2035*) concludes that "Increasing the use of Renewable Thermal technologies will lead to an increase in fuel diversity across the thermal energy sector, helping to reduce Rhode Island's vulnerability to disruptions in energy infrastructure, increase consumer choice, and synergize with the increasing deployment of distributed renewable electricity generation (e.g. electric heat pumps)." It said that a major investment in Renewable Thermal will provide a net benefit to the state as a whole with near-zero impacts on energy affordability while contributing to economic growth and job creation. Growing the RT market will also help to drive the technology cost reductions needed to provide energy savings to consumers and provide greater energy price stability through reduced reliance on volatile national and global fossil fuel markets.

Back in 2017, our firm were stakeholders in the thermal market study that resulted in *The Rhode Island Renewable Thermal Market Development Strategy*, recommending that RI adopt a Clean Heat Standard used to raise the funds needed to make the transition to clean buildings possible. pp. 36-53. The report indicated that a Clean Heat Standard would provide clear signals for private investment helping the state unlock economic opportunity, producing as much as $193 million in lifetime net benefits, including employment and environmental impacts, and reduced vulnerability to disruptions in energy infrastructure, increase consumer choice, and synergies with increasing distributed generation systems. p. 4-5. A Clean Heat Standard could be used to fund a thermal transition fund that could issue grants and revolving loans to support new proposed thermal solutions, especially favoring low income and "hard to reach customers" as needed to make the transition affordable. The report indicated that one market barrier to bringing such benefits to RI is that renewable thermal technologies tend to receive too little public policy support. p. 34. It is far past time to change that.

In the PUC's pending *Future of Gas* proceeding, RI hired a consultant named E3 to study our thermal transition. Their resulting report indicates that RI will face $2.6 billion in unrecovered rate base in 2050, unless a managed transition can avoid up to 50% of capital replacements. p. 6, 8 It says that through targeted electrification, annual costs of the system could be reduced by up to 35% by 2050, while reducing potentially unrecovered rate base to $1.5 billion. Such savings can then be reinvested as financial incentives needed to usher in the electrification transition that would result from a Clean Heat Standard.

There are many examples of effective emissions (and cost) reduction strategies for buildings from other jurisdictions. The prominence of district heating in many jurisdictions—reaching 63%, 50%, and 45% market share in Denmark, Sweden, and Finland respectively (Euroheat & Power, 2015; Froning, 2013; Skoldberg & Ryden, 2014; Vainio et al., 2015) - and the ability to utilize centralized, large-scale sources of renewable thermal energy (e.g. biomass CHP, district-scale heat pumps, large-scale solar thermal) in district heating networks has been important to scale up the market in those jurisdictions. *The Rhode Island Renewable Thermal Market Development Strategy,* p. 22. RI Energy engaged EnergyHub on the implementation of its "Connected Solutions" program here in RI (a very small step in the right direction). EnergyHub has worked to implement its virtual power plant strategy (using distributed energy solutions to displace the need for conventional energy supply and infrastructure investment) across the country, including Arizona (see

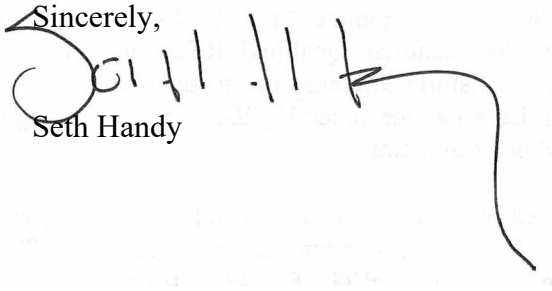
https://www.energyhub.com/resource/arizona-public-service-case-study-download). A quick glance at their website begins to suggest the extent of the opportunities before RI. see https://www.energyhub.com/resources. There are many examples for RI to follow in delivering on the many benefits of a Clean Heat Standard.

The general assembly considered this bill last year. Our firm testified in support, noting the directives of Energy 2035 and the RTMDS, two planning processes in which our firm was deeply engaged as a stakeholder. We referred the general assembly to the PUC's pending Future of Gas proceeding, where E3 had studied our thermal transition and concluded that Rhode Island will face $2.6 billion in unrecovered rate base in 2050, unless a managed transition can avoid up to 50% of capital replacements in our natural gas system. pp. 6, 8. We noted E3's conclusion that through targeted electrification, annual costs of the system could be reduced by up to 35% by 2050, while reducing potentially unrecovered rate base to $1.5 billion.

But, RI Energy opposed a Clean Heat Standard. It testified that "[w]hile the underlying premise of a clean heat standard may have some merit, notably absent is any cost impact analysis that might inform its consideration or prepare Ocean State families and businesses for increased heating bills stemming from its implementation." Overlooking Energy 2035, the RTMDS and E3's report in the Future of Gas, RI Energy referred the general assembly to "a January 2025 report issued by the Vermont Public Utilities Commission (VT PUC) which purportedly found that a similar mandate would cost Vermonters more than $955 million in its first ten years alone." The Division followed RI Energy's lead, raising "serious reservations about the potential cost to ratepayers" and obliquely referencing the "overall function of the clean heat standard" and its "administrative costs." The PUC followed suit, testifying that "[a]t a high level, the program cost twice more than the value of avoided greenhouse gas emissions over the first 10-year period" citing the same VT PUC study that RI Energy had invoked for its support. S407, the proposed Clean Heat Standard, died in committee.

Do not let the utility and its regulators overlook RI's own well researched and supported plans and studies that so clearly call for enactment of this clean heat standard. Please pass H7912. Thank you.

Sincerely,



Seth Handy