DATE: May 5, 2026

FROM: Kevin O'Neill, Citizens Climate Lobby (RI chapter)

TO: House Finance Committee c/o HouseFinance@rilegislature.gov

SUBJECT: Testimony opposing H7127 and suggesting changes to truly reduce residents' energy costs

Dear Chair Abney and members of the House Finance Committee,

I live in Cumberland and am writing as the chair of the Electrification Action Committee of the Rhode Island chapter of Citizens Climate Lobby. Like most residents of this state, we want to preserve a livable world for our children and grandchildren, and we think it is important to achieve the goals of the Act on Climate. At the same time, like all residents of this state, we want to make living here more affordable. It is in that spirit that we respond to Amendment #7 of H7127, both for what it includes and what it excludes.

There are some things in the amendments with which we agree:

- We understand that solar developers, more expert in such things than ourselves, are willing to support the proposed changes to virtual net-metering. So do we.
- We know that large hydro and nuclear resources can provide electricity with low greenhouse gas emissions, comparable to if not lower than some wind and solar projects. So, we support the relaxation of the Renewable Energy Standard (RES), to allow clean energy credits from nuclear and hydro resources to complement renewable energy credits (RECs).
- We support allowing more RECs to be banked or used in a given year, and to be banked for up to three years.
- We support reducing the price of Alternative Compliance Payments to $50/MWh for renewables.

However, we strenuously object to revising downward the rate at which renewable and other clean resources must be matched against electricity sales. If we reduce emissions from the electric sector at a slower pace than required by the existing RES, it will be impossible to achieve the 2030 target of the Act on Climate. And it will keep us exposed to the risk of sudden spikes in fossil energy prices.

We recommend that the RES retain the original percentage targets for the combination of renewables + nuclear + large hydro:

- 41.0% by 2026
- 48.0% by 2027
- 55.5% by 2028
- 63.5% by 2029
- 72.0% by 2030

Frankly, we are puzzled by Governor McKee's proposal, as outlined in Amendment #7, to lower those percentage targets. His team should be obliged to show the data and analysis that led them to think it was necessary.

We think, to achieve the 41% target for 2026, Rhode Island Energy will need to acquire 1.4 million renewable energy certificates (RECs). We estimate the company must have acquired more than 1.1 million RECS to meet to satisfy its RES obligation in 2025. We have been told by reliable sources that the power purchase agreement (PPA) between Revolution Wind and Rhode Island Energy includes both electrical energy and RECs. So, acquiring sufficient RECs should be much easier for Rhode Island Energy over the next few years.

Although Revolution Wind is gradually increasing the number of operational turbines in 2026, it is expected to produce 1.6 million RECs per year when fully operational and should easily produce the 0.3 million additional RECS that RI Energy will need this year.

Even if the company has already committed to terminating other long-term contracts, we expect it will accumulate a considerable surplus of RECs in 2027 and 2028. And unless it sells all those surplus RECs instead of banking them, it should be able to achieve the 2029 and 2030 targets.

We are very aware of the obstacles to renewable generation thrown up by the Trump administration, and we agree that this puts in jeopardy the achievement of 100% clean electricity by 2033. However, there is no need to give up on that target in 2026. We recommend that the legislature, for at least the next two years, stick to the "100% by 2033" target, study how to compensate (affordably) for current obstacles, and in 2028 decide if that target really needs to be pushed off a year or more.

Rhode Island's next offshore project will be able to take advantage of domestic resources built to service Revolution Wind and Vineyard Wind or currently supporting the much larger Coastal Virginia Offshore Wind project or that might be supporting similar projects in Canada. The prices of solar power and batteries are continuing to decline rapidly. And offshore wind technology continues to mature globally. So, the prospect of achieving 100% clean electricity quickly will look easier and more affordable in 2028 than it does now. We think it is unlikely the 100% clean target will need to be pushed out as far as 2040, much less to 2050.

Let's put the savings claimed by Amendment #7 in context.

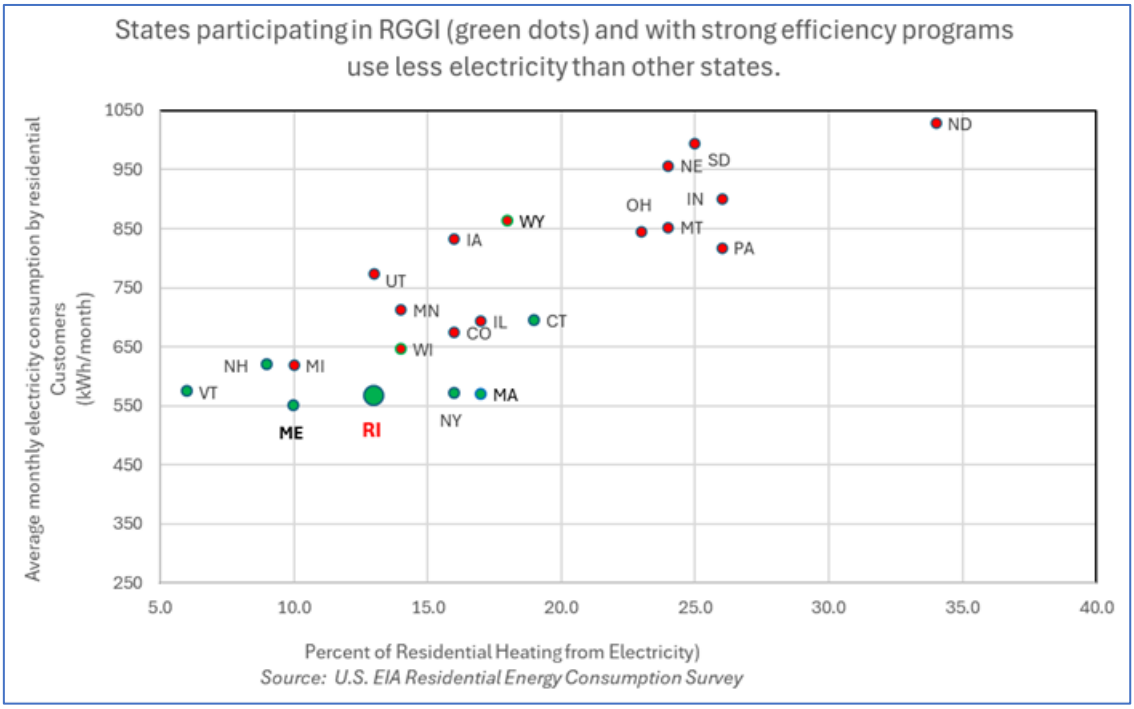
Action	**2027 Ratepayer Savings**	**2027-2031 Ratepayer Savings**	**Note**
1. Renewable Energy Standard	$53,419,873	$528,284,713	Achievable without relaxing trajectory to 72% clean in 2030
2. Reducing Net Metering Costs	$25,272,982	$257,439,947	
3. Renewing and Capping Energy Efficiency Program	$21,000,000	$105,000,000	Not wise to save money here if efficiency is key to saving even more.
4. Reduce Energy Efficiency Allocation to RIIB	$2,460,000	$12,300,000	
5. Capitalizing Paving Expenses	$16,000,000	$60,000,000	Short term saving, long-term cost
6. Eliminating LTC performance incentive	$2,500,000	$12,300,000	
7. Require RIE to be part of RTO	$175,000	$875,000	
Sum of proposals	**$120,827,856**	**$976,399,660**	
Gross earning tax savings	$4,833,114	$39,055,986	
Total Ratepayer Cost Reduction	**$125,660,970**	**$1,015,455,646**	
Total Electricity Delivery (MWh, CCL forecast based on RI CAS*)	7,869,990	42,464,296	
Total ratepayer savings, average $/kWh	$0.016	$0.024	Larger savings can be achieved by staying the course with efficiency and renewables.
Savings from energy efficiency changes, average $/kWh	$0.003	$0.003	
**RI CAS = 2025 Rhode Island Climate Action Strategy. EIA reported 7,261,391 delivered in 2024.*			

We understand the desire to shave a penny or two off the price of electricity, but that is all the proposed changes would do. As stated above, most of those savings (items 1 and 2 in the table) can be realized without reducing the pace at which we clean up the electricity supply.

According to our residential electric bills over the past few years, it has cost 12-14 cents/kWh to deliver electricity to our homes. That rate is basically calculated by dividing the cost of the delivery system by total kWh delivered, and that rate can easily be reduced. To understand how, you should know that the delivery system normally operates at about half of its design capacity. Peak load on the system occurs only a few hours each year, and that peak can easily be shaved. So, we can easily use more electricity without requiring significant upgrades to the delivery system.

If we were to double electricity consumption (total kWh per year), we could shave 6-7 cents off the price of electricity. A 23% increase in electricity consumption would reduce the price of delivery by about $0.024/kWh. In short, beneficial electrification of building heat and transportation – as required to achieve our Act on Climate Goals, and as one might want to do to reduce heating costs and transportation costs – would easily yield more savings than the short-sighted reduction in efficiency charges and efficiency programs proposed on H7127.

If we did not spend so much on efficiency programs, we would be spending a lot more on electricity. Consider this map showing how Rhode Island compares to other states with a similar climate. RGGI funds have historically been used for efficiency programs. And efficiency programs save money – by law more than a dollar saved per dollar spent. To reduce funding for efficiency would be penny wise and pound foolish.



Today, roughly 1/3 of Rhode Islanders spend far more on heat than they should. Electric hot water heaters, electric resistance baseboards, and electric resistance space heaters have very high operating costs compared to other heating appliances. Cheap to buy, perhaps, but expensive to operate. Similarly oil- and propane-fueled heating appliances are far less efficient and have substantially higher operating costs than heat pumps. Shifting from delivered fuels to heat pumps can reliably save hundreds of dollars annually. With more sensible electric rates, such as are already available in Massachusetts, some households could save over a thousand dollars per year.

Efficiency programs help inform people of those saving opportunities, help them select the right equipment, and help them afford the substantial upfront investment required to make the shift. Making that shift is essential to reducing climate-altering emissions from heating systems, and to ensuring Rhode Islanders stay comfortable during our increasingly hot and humid summers. We've run the numbers, and we've concluded that the savings to those Rhode Islanders from efficiency programs will substantially outweigh the efficiency program savings claimed in the table accompanying Amendment #7 of H7127. And that beneficial electrification of heating systems will reduce the price of electricity delivery for 100% of Rhode Islanders.