GREEN ENERGY
CONSUMERS ALLIANCE

Representative Marvin Abney, Chair
House Committee on Finance
Rhode Island House of Representatives

February 16, 2022

Dear Chair Abney,

Thank you for the opportunity to comment on the energy and environmental components of the proposed FY23 Budget. I write on behalf of Green Energy Consumers Alliance, a nonprofit advocate based in Providence, Rhode Island and Boston, Massachusetts. We are dedicated to speeding the transition to a low-carbon energy system in New England. We help our thousands of members make sustainable energy choices, and we advocate for ambitious and practical state energy policy.

I will summarize our positions on Article 1 Section 16 and Article 7, and then I will follow with additional information.

- **We oppose the scoop of $6 million** from the energy efficiency funds to fund the Executive Climate Change Coordinating Council. (Art. 7, p. 4, l. 33)
- **We oppose the provision that bars the Public Utilities Commission from setting incentives and disincentives for utility performance in the efficiency programs.** (Art. 7, p. 5, l.23)
- **We support the request for proposal for administration of the energy efficiency programs.** (Art. 7, p. 5, l. 26)
- **We support the electric vehicle charging infrastructure program,** and we have additional comments on its implementation. (Art. 7, p. 6)
- **We support the electric heat pump grant program,** and we have additional comments on its implementation. (Art. 1, Section 16)
- **We suggest that funding be reserved to ensure that all new construction funded by the budget is zero-carbon.**

Green Energy Consumers Alliance is a climate and energy advocate that has been closely engaged with the efficiency programs and the Executive Climate Change Coordinating Council since their inception. We celebrated the passage of the Act on Climate, and we are closely tracking the administration's implementation of the law.

We see 2022 as a key year for Act on Climate planning and implementation. Green Energy Consumers notes respectfully that the Governor's budget does contain important steps forward on funding climate action, and we commend the Governor and his staff for prioritizing climate. However, we believe that the budget needs a lot of work before it actually moves the needle on climate change. The current proposal could actually be counterproductive.

Comments on Article 7 – Energy Efficiency Scoop & Performance Incentive

GREEN ENERGY CONSUMERS ALLIANCE

Green Energy Consumers **strongly opposes** the scoop of $6 million of ratepayer funds to create a discretionary fund for the EC4. The proposed $6 million scoop would be utilized at the discretion of the EC4 for clean transportation, renewable energy, energy storage, or consultants on climate plans. These are admirable goals, and we hope that the budget finds funding elsewhere to make this happen. However, the proposal on the table steals money from our most successful and cost-effective clean energy program—which needs *more* funding, not *less*. This is an accounting trick, not climate action.

The reason that our energy efficiency programs are so successful is that every dollar put into the programs from ratepayers' gas and electric bills comes back to them in the form of utility bill savings, environmental benefits, and health benefits. When we scoop the energy efficiency funds, we are taking money away from ratepayers and weakening the efficiency programs.

Further, paying for climate action on the backs of electric and gas ratepayers is both inequitable and bad for emissions reductions. We should be incentivizing electric use because it's our cleanest source of energy (when compared to gasoline, natural gas, or oil), not making the cost go up. This is also inequitable because low-income folks spend a larger portion of their income on energy bills.

Historically, we worked with the Office of Energy Resources and the Governor's office to oppose scoops of the efficiency fund. But the Office of Energy Resources successfully snuck a scoop of the efficiency fund into the Energy Efficiency program extension that passed last year. And this year, they've proposed this $6 million scoop. OER has failed to answer what they're doing with their existing additional funding and why they need more.

The Governor has said that the $6 million would otherwise go to the utility company as a bonus, because the budget also proposes disallowing performance incentives to the utility company. This is not true: in recent years, the utility company's incentive payment—which encourages them to hit high efficiency targets for Rhode Island—has been much less than $6 million. What's more, if we don't allow the PUC to set incentives for the utility to administer good energy efficiency programs, the quality of our efficiency programs will go down.

As such, we also **oppose removing the PUC's ability to set incentives and disincentives for the utility company.** The PUC already has the authority to set a performance incentive (or not to set one at all—if it deems it best for ratepayers). The performance incentive is an important tool in the regulatory toolbox for the PUC to influence the utility company's actions and ensure high performance on our efficiency programs. In recent years, the PUC has fine-tuned the performance incentive so that the utility company is not overpaid for basic performance. We encourage the legislators to speak with PUC staff and Commissioners if they have additional questions.

At the end of the day, $6 million is not nearly enough to accomplish the goals of the Act on Climate. The 2022 Climate Plan that is required by the 2021 Act on Climate should put forth a plan to fund this work. The funding plan should identify sources of revenue, including carbon pricing, federal funds, and general revenue, that can fund climate action without counterproductively and unfairly stealing from ratepayers.

greenenergyconsumers.org
Boston: 284 Amory Street, Boston, MA 02130 | Phone: 800-287-3950
Providence: 188 Valley Street, Suite 221, Providence, RI 02909 | Phone: 401-861-6111

We do note and support that the proposed budget for DEM and OER identifies funding for additional staff capacity to implement the Act on Climate. We strongly support use of any funds to hire new FTEs to staff Act on Climate implementation.

Third Party Energy Efficiency Administration

Green Energy Consumers welcomes the provision to consider transferring administration of the state energy efficiency programs to an entity other than the utility company, but we caution that this large change to the programs could use additional thought and detail. Policymakers could look to successful examples in Vermont and Maine, whose strong efficiency programs are operated by third-party administrators.

Electric Vehicle Charging

Lack of access to charging is cited as one the largest barriers to EV adoption among consumers; the $23 million of federal funds allocated for expanding EV charging in RI will help Rhode Islanders feel comfortable switching to an electric vehicle and help businesses and homes prepare for the future of electric transportation. We support this provision.

We support collaboration between DOT, OER, and DEM to manage the EV charging station program; OER has a good track record for managing EV charging programs; most recently, the Electrify RI program provided rebates for charging station equipment to sites installing EV charging. The program spent $1.4 million of Volkswagen settlement funds quickly and made charging stations much more accessible, especially because it worked alongside a utility incentive program to cover infrastructure costs.

We look forward to engaging in the public process to provide input to program development.

Heat Pump Program—better alignment with zero-carbon building

Green Energy Consumers largely supports the allocation of federal ARPA funds to OER's heat pump program. We note that this is one of the areas of emissions reductions that most needs additional support. We are eager to learn more about the administration of this program. We support prioritization of low-income homes. We note that this funding should be aligned with other energy efficiency and zero-energy measures. And it should be disbursed transparently.

We further suggest that this funding be aligned with other components of the budget that relate to new construction. It is great to see $250 million in the budget to build more affordable housing, and a $250 million bond measure to fund school construction. But from a climate perspective, we can't afford to build new homes that lock in fossil fuel infrastructure by being inefficient or reliant on fossil gas heating. And we shouldn't be forcing fossil fuel homes upon our children and low-income Rhode Islanders.

Recognizing that constructing net-zero buildings may require more upfront investment, we urge the budget to reserve funding for the deep energy efficiency measures, efficient electric heating systems, and any training or other measures needed to ensure carbon-free construction. This is an excellent use of federal funds—and should be funded as much as possible.

Sincerely,

Kai Salem
Policy Coordinator, Green Energy Consumers Alliance
kai@greenenergyconsumers.org
(401) 861-6111 (office) | (978) 399-9933 (cell)