

May 18, 2026

RI Senate Environment and Agriculture Committee
Rhode Island State House
82 Smith Street
Providence, RI 02903

RE: SR2354 SENATE RESOLUTION REQUESTING THE RHODE ISLAND PUBLIC UTILITIES COMMISSION TO TERMINATE GAS LINE EXTENSION ALLOWANCES AS PART OF DOCKET 25-45-GE

Dear Members of the Senate Environment and Agriculture Committee:

Our firm writes in support of SR2354. This testimony is not submitted for any of our clients.

PUC Docket 22-01-NG, *Investigation into the Future of the Regulated Gas Distribution Business in Rhode Island in Light of the Act on Climate* (the “*Future of Gas*”), opened on June 9, 2022. At its outset, the PUC confirmed that the *Future of Gas* would supersede RIE’s requirement to conduct a stakeholder process and report on meeting the mandates of the Act on Climate and a long-term strategy for the gas distribution system per the Attorney General’s settlement with PPL dba RI Energy resulting from PPL’s takeover of the Narragansett Electric Company. The PUC hired its own consultant to oversee the docket and directed RI Energy to hire a technical consultant to work with stakeholders to evaluate alternatives for compliance with the Act. RI Energy hired Energy & Environmental Economics (E3) and stakeholders engaged with E3 extensively over a year long process to help generate its technical report.

The stakeholders included the Attorney General, RI Energy, OER, Enbridge RI, the George Wiley Center, Climate Jobs RI, the Environment Council of RI, the Conservation Law Foundation, Acadia Center, Sierra Club, the Green Energy Consumers Alliance, and our firm. They met thirteen times for at least five and one half hours each meeting and generated a large volume of comments intended to inform E3’s technical report.¹ Our firm was a regular, active participant, generating over 50 pages of comments through the technical evaluation process. Stakeholders appealed for the right to comment on E3’s final report before it went to the PUC for resolution of the path forward, but were denied; instead, we were assured that we would be given the chance to comment on the PUC’s proposal to implement E3’s recommendations when it issued.

E3 issued its technical report in April 2024. *Rhode Island Investigation into the Future of the Regulated Gas Distribution Business Technical Analysis Report*, Docket 22-01-NG, Energy & Environmental Economics (April 2024) (the “*E3 Report*”). The *E3 Report* notes that Rhode Island has one of the highest electricity rates in the country today - 0.29 \$/kWh in 2023 compared to the approximately 0.15 \$/kWh U.S. average. *E3 Report*, p. 108. E3 explains that Rhode Island already has a system peak that is twice as high as the average demand on the

¹ See <https://apexanalytics.egnyte.com/fl/04TdZqfvbL#folder-link/Future%20of%20Gas%20Documents/Submitted%20Comments>.

system, which means that the full capacity of the system is only utilized during periods of high demand. *Id.*² *E3* calls for transformational change in the way Rhode Islanders use energy.

- “[l]oad flexibility is an important component in mitigating peak load growth.” *Id.* at p. 75.
- “Across scenarios, final energy demand decreases between 40-60% by 2050, primarily as a result of efficiency and electrification.” *Id.* at p. 6.³

The *E3 Report* carefully illustrates the cost savings opportunities of avoiding more investment in our gas system. *Id.* at p. 65-69.

- “if RIE could avoid up to 50% of capital replacements 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.” *Id.* at p. 8.
- “By avoiding some of the pipeline replacement costs under a managed transition, the rate base (see Figure 38) and the resulting revenue requirement (see Figure 39) is reduced in every pathway except Continued Use of Gas, which must maintain the entire gas system.” *Id.* at p. 69.
- “lower total costs for scenarios that leverage hybrid heating solutions and may further be reduced for scenarios that are able to avoid gas system reinvestments.” *Id.* at p. 9.
- “scenarios that do not assume additional customer connections, such as High Electrification and Hybrid with Delivered Fuels, reduce annual costs of the gas system by approximately 24% by 2050 compared to a reference scenario.” *Id.* at p. 52.

The *E3 Report* concludes that a rapid transition off consumption of natural gas is essential to fulfill the Act.

- combustion of fossil fuels in buildings comprised about 27% of total emissions in Rhode Island in 2020, primarily from natural gas and oil furnaces and boilers. *Id.* at p. 23.
- a rapid shift toward decarbonized technology adoption will be required across all pathways in order to reach Rhode Island’s ambitious climate goals. *Id.* at p. 47.
- the transition of the gas customer base (Figure 29) is a key variable across decarbonization pathways. *Id.* at p. 59.

Over a year and a half after the issuance of the *E3 Report*, the PUC has yet to issue its proposal to implement the recommendations in the *E3 Report*. Stakeholders have not been allowed opportunity to comment on the *E3 Report* or any resulting, implementing order.

In the interim, between the stakeholder engagement in the issuance of the *E3 Report* and now, many PUC dockets opened and many of those have been decided without reference to the *E3 Report* and without PUC’s final recommended mechanics to implement a “rapid shift toward decarbonized technology adoption.” Those dockets include but are not limited to:

- 24-26-EL: Investigation into the Current State of Voluntary and Mandated Renewable Energy Markets in Rhode Island (6/25/24)
- 24-27-NG: Gas Long-Range Resource and Requirements Plan Forecast Period 2024/25 to 2028/29 (6/28/24)

² E3s observation echoed these findings from *Transforming the Power Sector*, a study commissioned by the PUC, Division and OER and including our firm and Narragansett Electric as stakeholders.

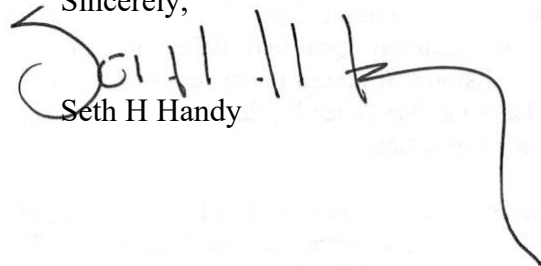
³ In 2017, the PUC engaged experts to work with many stakeholders (including NEC and Handy Law) to develop a system to better evaluate the costs and benefits of our energy decisions. One unanimous recommendation from that PUC Docket 4600, was to implement time of use rates to incentivize consumers to moderate their energy consumption during periods of peak demand. Still, regulators have not yet implemented time of use rates to provide for the load flexibility that is an important component in mitigating peak load growth, as was also recommended in the *E3 Report*.

- 24-34-EL: Development of Tariffs Applicable to Energy Storage Systems Connected to the Electrical Distribution Systems (8/30/24)
- 24-37-EE: 2025 Gas Demand Response Pilot Investment Proposal (9/20/24)
- 24-38-GE: Tariff Advice Filing to Amend Electric and Gas Tariffs (9/19/24)
- 24-39-EE: 2025 Annual Energy Efficiency Plan (10/1/24)
- 24-50-RG: 2025 Renewable Energy Growth Program
- 24-54-EL: FY 2026 Electric Infrastructure, Safety and Reliability (ISR) Plan (12/23/24)
- 24-55-NG: FY 2026 Gas Infrastructure, Safety and Reliability (ISR) Plan (12/31/24)
- 25-16-NG: Analysis to Comply with Energy Facility Siting Board's Decision and Order in Docket SB-2021-04 (Aquidneck Island demand response to mitigate infrastructure investment and enhance system reliability)
- 25-19-EL: Proposed Green Button Connect, Home Area Network and Grid Edge Computing (evaluating and implementing capacity of smart meters)
- 25-25-EL: In Re: Integrated Clean and Renewable Energy Procurement Study (ICREP Study)
- 25-28-EL: In Re: Request for Comment on Options for Mitigating Winter Price Volatility for the Winter of 2025 - 2026
- 25-37-EE: 2026 Annual Energy Efficiency Plan (10/1/25) (RI Energy proposes reduced energy efficiency budget and agencies support and approve it)
- 25-45-GE: Application for Approval of a Change in Electric and Gas Base Distribution Rates Pursuant to R.I. Gen. Laws §§39-3-10 and 39-3-11 (11/26/25)

In some of these regulatory proceedings, our firm and other stakeholders raised the contents of the *E3 Report* in an effort to influence the PUC's decision-making process. E3's findings were often brought up in opposition to RI Energy's advocacy positions that clearly conflicted with E3's recommendations. RI Energy spends ratepayer funds on its personnel and experts engaged in RI's energy policy proceedings like the *Future of Gas* and Energy 2035 (our State's energy plan). RI Energy now spends more ratepayer funds on lawyers and experts to advocate its contrary positions in these dockets, without being subject to the regulatory rudder required by RI law.

SR2354 will help make up for lost regulatory ground.

Thank you for your consideration of our comments.

Sincerely,

 Seth H Handy