GREEN ENERGY CONSUMERS ALLIANCE

Senator V. Susan Sosnowski, Chair **April 15th, 2026**
Senate Environment and Natural Resources Committee
Rhode Island Senate

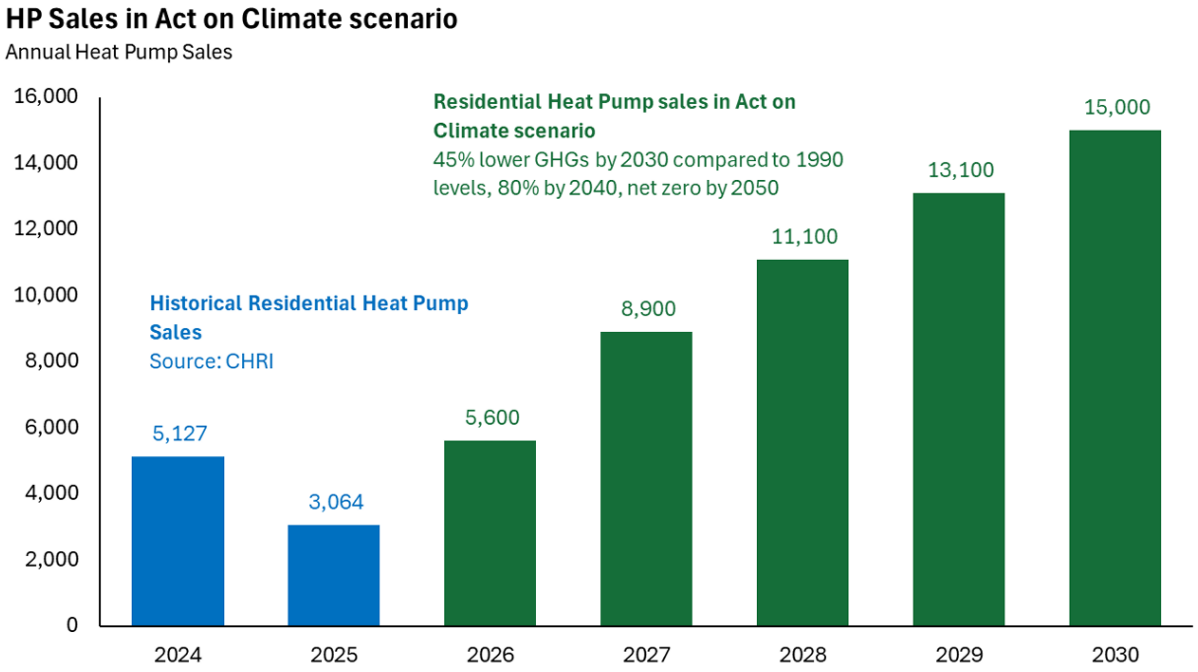
RE: Green Energy Consumers Alliance Supports Senate Resolution S2535

Dear Chair Sosnowski and members of the committee,

On behalf of Green Energy Consumers Alliance and our thousands of members across Rhode Island, **I write in strong support of Senate Resolution S2535** which would request that the Public Utilities Commission consider the creation and adoption of a seasonal heat pump rate via the open distribution rate case, Docket No: 25-45-GE.

Heat Pump Adoption is Critical for Meeting Act on Climate Mandates
Widespread electrification of home heating is critical to achieving the Act on Climate and its interim greenhouse gas reduction mandates. The 2025 Climate Action Strategy underscores this need, modeling a heat pump adoption pathway that would ensure the state meets its climate mandates, shown below.

Figure 6: Annual Heat Pump Sales Required to Reach Act on Climate Scenario[19]



Source: 2025 Rhode Island Climate Action Strategy, p. 18

We do not believe that Rhode Island will achieve 15,000 heat pumps sales by 2030 under the current electric rate structure or with current incentive programs. The state must see action from our Public Utilities Commission (PUC) that creates a specific heat pump electric rate to ensure that we are properly charging users for the cost to serve them, which in turn will spur greater heat pump adoption.

Current Electric Rates Overcharge Heat Pump Users

Under current electric rate structures, Rhode Islanders that use heat pumps currently overpay on the delivery side of their bill. This is because most charges are based on total electricity consumption rather than when and how that electricity is used. These volumetric rates assume that higher usage always drives higher system costs, but that's not how the grid actually operates. New England's grid is summer-peaking, meaning it is built to handle peak demand during hot summer evenings when air conditioning use surges. In contrast, there is unused capacity on the system during the winter, when heat pump users consume more electricity for heating. This additional winter usage does not meaningfully increase strain on the grid or create new infrastructure costs. However, because delivery charges are tied to overall consumption, heat pump users are still charged as if their winter usage is creating added system costs. This runs counter to a fundamental principle of ratemaking: customers should pay based on the costs they impose on the system. Right now, heat pump users are paying more than their fair share, and creating heat pumps rates is not a subsidy but a correction to better align charges with actual cost of service.

Directing the PUC to Consider Creating and Adopting a Heat Pump Rate

We know that current electric rate structures can be a barrier to electrification because of concern that bills will increase if one switches to a heat pump. The 2025 Rhode Island Climate Action Strategy also states that "there are tools to address issues of affordability and mitigate potential bill increases, such as alternative electric rate structures" (2025 Rhode Island Climate Action Strategy, p. 26) but these tools have not yet been explored at the PUC. By directing the agency to consider the creation and adoption of a heat pump rate in the ongoing distribution rate case, the General Assembly can ensure that electric rate affordability is being considered and acted on by our utility regulator.

Importantly, developing a heat pump-specific electric rate would not require other customers to subsidize this new rate. It just corrects an existing overcharge in the system and right sizes their costs with the true cost of service. A heat pump-specific rate can lower electric bills for all heat pump users but would be particularly impactful in reducing energy burden for low-and-moderate income ratepayers.

Rhode Island Would Follow Other States

This inequity is not unique to Rhode Island. In Massachusetts, this overcharge was recognized by the Department of Public Utilities who approved seasonal heat pump rates for the three largest inventor-owned utilities in Massachusetts (National Grid, Unitil, Eversource) that went into effect this past winter. On average, heat pump users are expected to save approximately $540 in the winter heating season, which is about a 17% reduction in heating bills from prior winter seasons. This is a concrete bill reduction that has been saving residents money.

Conclusion

To achieve the requirements of the Act on Climate, our utility must implement rate reform strategies that encourage the adoption of heat pumps and ensure equity when residents transition. Supporting this resolution will send a policy message to the Public Utilities Commission that the distribution rate case (Docket No: 25-45-GE) must address this issue.

Green Energy Consumers Alliance thanks Senator DiMario for introducing this resolution and urges the Committee and full General Assembly to vote in favor of its passage.

Sincerely,

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