

April 15, 2026

The Honorable V. Susan Sosnowski
Chairwoman, Senate Environment and Agriculture Committee
Rhode Island State House
Providence, Rhode Island 02908

RE: S-2535 – Senate Resolution on the Creation and Adoption of a Seasonal Heat Pump Rate

Dear Chairwoman Sosnowski:

On behalf of Rhode Island Energy, I write regarding S-2535, a proposed resolution pertaining to the creation and adoption of a seasonal heat pump rate as part of Docket 25-45-GE.

Rhode Island Energy provides essential energy services to more than 770,000 customers across the state through the delivery of electricity and natural gas. Our team of 1,300+ union and non-union employees is dedicated to helping Rhode Island customers and communities thrive, while supporting the transition to a cleaner energy future in a safe, reliable, and affordable manner.

The proposed Resolution finds that “the current rate structure overcharges heat pump owners for their usage of the electric distribution grid.” However, seasonally differentiated rates – especially those merely serving as a tool to incentivize technology adoption, such as electric heat pumps – do not necessarily reflect the cost of operating and maintaining the electric distribution system. For instance, while system peak may occur in the summer today, increased usage in winter can still drive localized peaks that result in necessary upgrades to transformers, feeders, or substations. This does not support the general thesis implied in the Resolution that all heat pump-related usage during non-peak seasons triggers no additional infrastructure needs or costs.

Broadly speaking, base distribution rates should be technology agnostic and grounded in cost causation. Embedding technology preferences into a rate design for a specific rate class risks distorting cost causation and shifting costs onto non-adopters. For example, heat-pump customers may be given a discount on consumption while, at the same time, their consumption contributes to the establishment of a new system peak in the winter – in fact, ISO New England forecasts the region will be winter peaking in the early- to mid-2030s. If a seasonal heat pump isn’t designed to address this system shift, it will result in providing heat-pump customers with a discount to use more electricity during times of peak demand while non-heat-pump customers face increasing rates during that same period, resulting in cross-subsidization. Rather than designing a technology-specific rate, rate designs such as time of use (TOU) should be considered as a way of providing the same cost-saving opportunities to all customers, regardless of the technology they choose to adopt.

On that point – **Rhode Island Energy is now in the process of deploying Advanced Metering Functionality (AMF) or “smart meters” across its electric service territory**, which is scheduled to be completed later this year. This investment is intended to address key unmet needs in Rhode Island, including replacement of existing electric radio frequency (AMR) meters, which are reaching the end of their design life, are obsolete, and will not scale. AMF will also allow customer usage

data to be sent directly to our billing systems and improve transparency by enabling customers to see their own usage in near real time.

AMF deployment and integration is also a critical entryway toward time of use pricing. **Rhode Island Energy has proposed a foundational framework for time-varying rates (TVR)** in the same underlying docket as referenced in the proposed Resolution (25-45-GE). As noted in expert witness testimony, “By increasing alignment of prices with the cost of service, TVR promotes more efficient use of energy resources, encouraging efficient conservation and shifting usage to times of day with lower energy costs, and expanding customers’ opportunities to save on their electric energy costs.”¹ Rhode Island Energy’s approach “encompasses four key tasks – engaging with regulators and stakeholders, developing data-driven rate design options, analyzing tradeoffs between rate design options for different customer groups and classes, and developing a final data-driven TVR design and implementation plan for its customers.”² We expect this work to begin in 2026.

Thank you for your attention to this matter.

Respectfully,



Nicholas S. Ucci
Director of Government Affairs

CC: The Honorable Members of the Senate Environment and Agriculture Committee
The Honorable Alana M. DiMario, Rhode Island Senate

¹ Pre-filed Direct Testimony of Cynthia Fang on behalf of the Narragansett Electric Company, Docket 25-45-GE, 11/26/25, 7.

² Ibid, 59.