

Dear Chair DiPalma and members of the Senate Finance Committee,

Thank you for the opportunity to submit testimony. I am an energy analyst, a co-lead of Climate Action Rhode Island's Yes to Wind program, a father, and a Providence resident. I am writing in opposition to HB 7127, and specifically to Article 11 sections 3, 7, and 10, which deal with the state's energy efficiency programs, our Renewable Energy Standard (RES) and our net metering program.

The changes as proposed would set back our ability to meet our legally binding clean energy targets under the Act on Climate. This is particularly true for the changes proposed to the RES, which would be damning to our ability to meet the 2030 and 2040 targets.

And while all of these changes are being presented as a means to increase affordability, they are unlikely to significantly reduce electric rates in the near term. Over the longer term, they undermine our ability to contain high power prices.

The McKee Administration has thrown around a lot of big aggregate numbers. Yet these changes all seek to eke out savings from minor portions of the electric bill. They ignore the true driver of high energy costs in Rhode Island and all of New England: our over-dependence on natural gas.

To illustrate how this works, below is a chart of the average winter 2024-2025 electric bill, as presented by Rhode Island Energy. It shows that the "supply" portion of the bill, which represents wholesale power prices, is 44% of the bill - as compared to the 13% represented by all renewable energy programs combined (Figure 1).

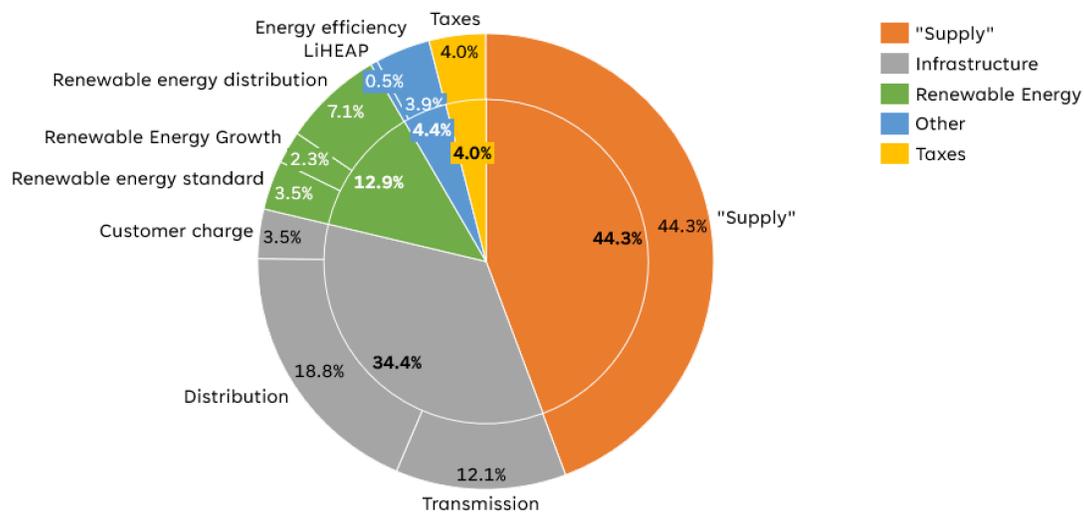


Figure 1. Data: Discussion on Electric Rates, Rhode Island Energy, February 2025

This supply portion represents the purchase of electricity on our region's wholesale power market. This in turn is driven by the cost of natural gas, which is the "marginal" fuel, meaning that it sets the price on the wholesale market the vast majority of the time.

This relationship between gas prices and power prices is well known, as illustrated by our grid operator (ISO New England) in Figure 2. Note that due to limited pipeline capacity gas prices spike every winter, and additionally are driven by world events such as Russian's invasion of

Ukraine. With the United States becoming the world's largest exporter of liquefied natural gas, we are additionally exposed to prices on the global market.

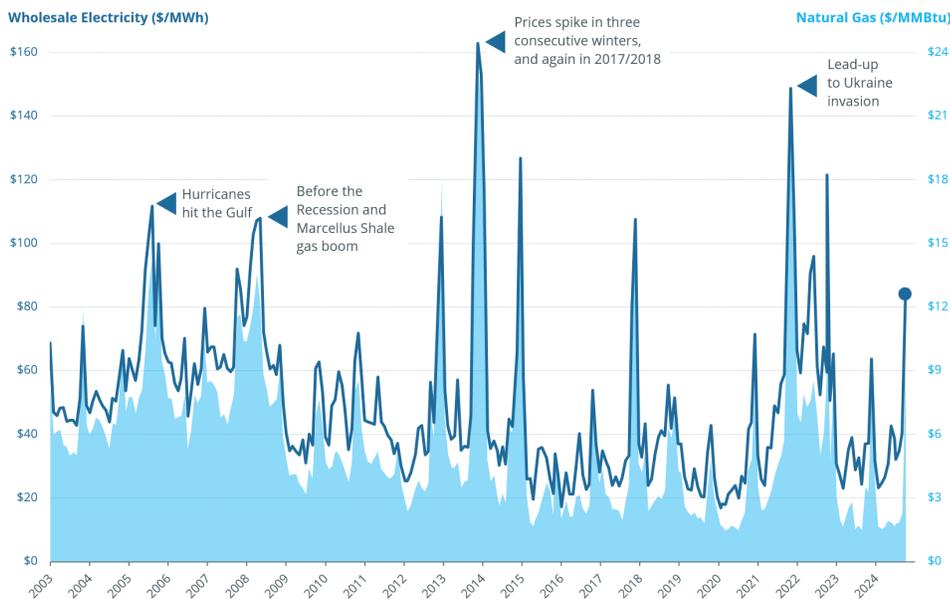


Figure 2. Image: ISO New England

Yet there is nothing in this proposal to deal with the high cost of wholesale power or the price of gas that it reflects, which is 44% of winter power bills.

Instead, in Article 11, section 7, the governor seeks to delay the state's Renewable Energy Standard (RES) by pushing the timeline to meet 100% renewables back to 2050, include nuclear and hydro projects, and allow the use of existing resources to meet a portion of the mandate.

There is a reason why well-designed renewable energy mandates don't include existing resources. The whole point of these policies is to encourage the development of new resources. Adding existing resources waters down the RES.

Including nuclear and existing resources is a way to include credits for nuclear power plants in Connecticut and New Hampshire which already have long-term contracts in other states and will keep running whether or not we give them credits. It's essentially a needless give-away of funds paid by Rhode Island customers to the out-of-state power companies that own these plants.

But the central problem is the delay of the timeline, which would make our RES largely meaningless as a driver for new clean energy on the grid - the very clean energy that we desperately need to build to contain high gas prices. And in doing so, it would address a portion of the bill that represents only 3.5% of current costs - as opposed to the 44% that is driven by our over-dependence on gas (Figure 1).

As for the governor's attempts to cap energy efficiency spending, this is additionally misguided. Given our state rules, these energy efficiency programs already have to pay for themselves at the system-wide level. And they have been essential to drive down costs for consumers.

Capping spending on energy efficiency means that we lose the means to contain gas prices, and we will continue to pay more for worse outcomes. That would be great for shareholders of PPL, the parent company of our utility, which profits off of infrastructure spending. It is a bad deal for Rhode Island utility customers.

Finally, the new grid access fee for large net metered projects is simply bad policy. I personally agree that net metering for large projects is duplicative to the Renewable Energy Growth program and likely not the best program for these projects. But applying a monthly fee to both existing and new projects may be the worst possible way to address issues with our net metering program.

Applying this fee to existing projects means that those customers, including businesses, schools and municipal governments, that installed solar under existing state law will have the economics of their projects upended long after they have installed solar. This will not only create chaos in the budgets of these businesses and institutions, but will send the message to renewable energy companies - including those that employ people and pay taxes here in Rhode Island - that our state government cannot be trusted to honor its commitments and that Rhode Island is a bad place to do business.

All of these changes may serve the interests of the out-of-state shareholders of PPL. They absolutely do not serve the interests of residents of this state - whether this is their interest in a livable future for their children, or their economic interests.

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