



For a thriving New England

CLF Rhode Island 235 Promenade Street
Suite 560, Mailbox 28
Providence, RI 02908
P: 401.351.1102
F: 401.351.1130
www.clf.org

Via Electronic Mail

May 12, 2026

The Honorable Louis DiPalma
Chair, Senate Finance Committee
Room 35, State House
Providence, RI 02903

RE: CLF Opposes House Bill No. 7127 Article 11, Sections 3, 6, 7 and 8 and the Governor's Budget Amendment #7

Dear Chair Abney:

Thank you for the opportunity to provide testimony on the Governor's proposed amendment to Article 11 of House Bill No. 7127, Governor McKee's proposed budget for FY 2027. **The provisions of this amendment that address changes to the Renewable Energy Standard ("RES") and Energy Efficiency program should be rejected in their entirety, as they will provide no meaningful relief to ratepayers and further yoke Rhode Islander to volatile, dangerous, and polluting fossil fuels.**

Conservation Law Foundation ("CLF") is a member-supported non-profit environmental advocacy organization working throughout New England to counter climate change, restore the health of our oceans, embolden new energy infrastructure, and safeguard health, quality of life, and economic prosperity for future generations. We are working to reduce emissions, address the climate crisis, and push for affordable and equitable energy policies in Rhode Island and across New England.

In previous testimony, CLF has provided this Committee with recollections of previous legislative efforts to create and implement these programs, including the rationale, economics, and long-term strategy associated with building a Rhode Island economy that is reliant on Rhode Island's own energy resources—such as solar, wind, geothermal, and tidal energy. These energy resources are as available to us today as they were when these foundational policies were enacted. **Do not let the Governor steer our economy away from investing in Rhode Island and towards committing our dollars to out-of-state oil and gas companies.**

This budget amendment forces us to uncover and spotlight the Administration's accounting tricks, double-counting, unsupported assumptions, and manipulation of our greenhouse gas ("GHG") accounting methods. Instead of engaging in a meaningful discussion on the future of our state's energy system, the Governor is presenting a budget article and amendment that seeks

to confuse and misinform not just the public but also the General Assembly. **This misdirection serves only the Governor’s talking points and our utility’s gas business profits, while shouldering us, our children, and future generations with more expensive energy, a shrinking economy, more air and water pollution, and greater threats from climate change.**

It must also be noted that while the Governor is proposing these “savings,” Rhode Island Energy is demanding that the Public Utilities Commission provide them with an additional \$230 million of our dollars over the next two years for both the electric (\$83.5m) and gas (\$155.5m) distribution system. The Governor is proposing to get everyone \$20 while RI Energy will be raising rates more than that. So while he is claiming to reduce costs, you’ll be meeting with constituents and having to explain why their bills are still going up.

In reviewing the budget amendment, the following specific language raises grave concerns and, in its entirety, should lead the General Assembly to wholly reject this misguided and damaging proposal:

- Page 1, line 3 through page 2, line 5, the “Clean Energy Standard.” We do not need to give the Millstone Connecticut nuclear generating station any new subsidies or benefits, which is exactly what this provision proposes to do. The Renewable Energy Standard was designed to bring **new** generation capacity online. We keep hearing about the need for new energy to meet a growing load. Instead of tackling that problem, this budget seeks to give new subsidies to old generation. The nuclear facility is **already** providing carbon-free energy to the grid, and we receive that benefit. Under the budget amendment, Rhode Island gets exactly what we already have and a Connecticut facility gets a guaranteed contract and new subsidy.
- Page 3, line 26 through page 4, line 8, revisions to the “Alternative Compliance Payment.” CLF can see the potential value in adjusting our standard alternative compliance payment (“ACP”), a payment that an energy supplier can opt to make instead of buying a renewable energy certificate (“REC”). By lowering the cost of ACPs, we lower the likelihood that higher priced RECs will be purchased and make it more likely that ACPs will be deposited in the Renewable Energy Fund (“REF”). The fund is designed to support the financing of new renewable generation so that in subsequent years there are more and cheaper RECs available. Our historically high ACP has led to suppliers consistently retiring RECs in Rhode Island and opting to make ACPs in other states.

It is page 4, lines 4-5 that raises questions. This creates a new ACP for nuclear power. Currently, nuclear power does not receive RECs in Rhode Island because it does not need REC payments to come online, as it has been generating energy for 50 years and is

licensed through 2065. It's online, it's generating power, and it doesn't need a subsidy from Rhode Island ratepayers.

Then there is page 4, line 6, which directly undermines the purpose of the Act on Climate. A single year spike in the ACP means that for that one year we will see more RECs retired. The Governor proposes more than doubling the ACP only for the year 2030, when the state must meet its next emissions reduction requirement under the Act on Climate. This is an accounting trick to count emissions accumulated over several years all at once in 2030. In other words, this will serve to keep measured carbon emissions higher in 2029, crater in 2030, and then go back up in 2031. This is an obvious attempt at sleight of hand to avoid actually delivering on the Act on Climate's promises.

Page 8, lines 2 through 14, rollback of the Renewable Energy Standard. This rollback of the RES, literally moving from current standard of 48% renewable in 2026 down to 34% for this year then 31% in 2027, is a mirror of the actions of the climate-deniers at the EPA and in the White House. Each step backwards is a missed investment in our future energy system, one that puts Rhode Islanders to work harnessing Rhode Island resources for the Rhode Island economy, and instead sends it to fossil fuel extraction, shipping, refining, and combustion. It's like trimming the grocery budget by eating out more, and the Governor conveniently claims savings while hoping you don't notice that you're stuck with the restaurant tab. Investment through the RES is how we are able to control our energy supply costs, freeing us from the yoke of the gas and oil industry that has proven time and again that our health, safety, and local economic prosperity are of no concern to them.

- Page 10, line 8-9, extending REC banking. Just like the ACP manipulation described above, the goal of this provision is enabling an accounting trick to make our state's measured emissions plummet in a single year to satisfy the Act on Climate's 2030 requirements. This will allow our energy suppliers to save up RECs from 2027, 2028 and 2029 so that they can, in bulk, be retired in 2030. In other words, its purpose is to make it look like we hit the 2030 requirement by claiming that emissions reductions that actually happen over three years all happen and should be counted in just a single year.
- Page 13, lines 16 through 21, using ACP for residential rate relief. This provision both perverts the purpose of the RES and provides illusory benefits to ratepayers. The RES is intended to invest in new renewable energy so that we can lower prices over time and build our local energy economy. Each dollar that is diverted from that purpose is a missed investment in severing us from gas reliance, locking us into more price volatility, damage to human health, and destruction of our environmental resources. Additionally, it is one of the most dishonest ways of providing "rate relief." It is taking a dollar out of

someone's pocket, putting \$0.50 back and telling them they are better off. If the goal is to reduce our reliance on gas, put the whole dollar into that effort, instead of funding a half measure that further entrenches our dependence on gas.

Outside of these specific provisions, there are a number of accounting gimmicks that the Office of Management and Budget ("OMB") has used to claim \$1 billion in savings over the next five years. Do not be fooled, most of these "savings" are either wholly illusory or simply pushing a cost that we will all pay, just outside the convenient 5-year horizon that has been provided. Here are a few noteworthy ways that is happening:

- Capping Energy Efficiency. Besides the fact that each of our energy efficiency investments saves individuals and all ratepayers real money every year—as required by law and regulations and subsequently proved in open hearings at the PUC—the OMB calculation requires counting one savings **five** times. In year one, they project a \$21 million savings by comparing their cap (\$75m) to the current budget (\$96m). Then they claim that same savings each year for five years, even though there is not an actual reduction in the program. This is \$84m in savings that cannot and never will materialize, because it is an accounting fiction.
- Capitalizing Paving Expenses. The purported \$60m in savings is analogous to paying only the minimum on your credit card bill for five years and claiming a savings because the principal and interest doesn't come due for another 25 years. We currently pay for utility road repaving as the costs are incurred. This proposal would allow the utility to claim a repaved road **as a utility asset**, meaning that we have to pay them the principal cost plus a return on equity for a 30-year payback period, even if a municipality or the state repaves the road again. This is a giveaway to Rhode Island Energy and bad credit management.
- Eliminating Long-Term Contracting Incentives. Utility remuneration has been roundly rejected by the General Assembly and the PUC. In 2021 the General Assembly passed a sunset on remuneration for December 31, 2026. While the budget may accelerate that sunset by 6 months, it will not save an additional \$10m in future years because the General Assembly already did that.

All of this is to show that the Governor's "savings" numbers cannot be trusted. With more time and transparency from the Administration, it might be possible to show that many more of their claims are based on accounting tricks or faulty assumptions. Our biggest concern is that when these supposed savings are not realized, and then dwarfed by rate increases from the utility, there will be greater frustration from Rhode Islanders and distrust in future government action because of repeated false promises and failed agendas.

You can reject these short-sighted reforms. CLF has attempted repeatedly to engage with members of the executive and legislative branches to identify points of agreement and craft a considered, thoughtful, and universal approach to utility and energy market reform. There are savings to be had while still meeting our climate commitments. Instead, we have been provided with a budget and subsequent amendment that seeks to pull the wool over everyone's eyes, leaving us with a more polluting and expensive energy system that sends our dollars away from Rhode Island.

Reject the changes to the RES and Energy Efficiency programs. Participate in meaningful and thoughtful reform. Don't be left taking responsibility for the Administration's mismanagement and misinformation campaign.

Thank you for your time and consideration of these comments.

Sincerely,



Jamie Rhodes
Senior Attorney, Rhode Island
Conservation Law Foundation

cc: Members of the Senate Finance Committee
Darrèll Brown, Vice President, CLF Rhode Island