



Via Electronic Mail

February 10, 2026

The Honorable Louis P. DiPalma
Chair, Senate Committee on Finance
Room 211, State House
Providence, RI 02903

RE: CLF Comments on House Bill No. 7127 – Proposed FY 2027 Budget

Dear Chair DiPalma:

Thank you for the opportunity to provide testimony on House Bill No. 7127, Governor McKee’s proposed budget for FY 2027. Today’s hearing is focused on proposed changes to several state energy programs, which would impact both costs to energy consumers and our state’s efforts to reduce greenhouse gas (“GHG”) emissions in compliance with the Act on Climate.

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.

Governor McKee has explained that his proposed changes to state energy programs are intended to reduce energy costs for Rhode Islanders. CLF is sensitive to the issue of energy affordability, as we understand that utility service is a necessity of modern life, and that many Rhode Islanders struggle to afford their utility bills. However, the proposed cuts and rollbacks of programs like the Renewable Energy Standard (“RES”) and energy efficiency in the Governor’s budget represent a misguided and short-sighted attempt to address the affordability issue.

They are based upon a fundamental misunderstanding of what is driving increased energy costs. Our bills are going up because of increasing and increasingly volatile fossil fuel prices. The best way to protect Rhode Islanders from high energy costs in the long term is to reduce and ultimately end our reliance on these fuels. Cuts to programs like energy efficiency create illusory short-term savings only by increasing energy costs over the long term.

Critically, these programs also represent our most important progress to date on meeting the emissions reductions required by the Act on Climate. Here in the Ocean State, we are

particularly vulnerable to climate impacts like rising seas and more frequent severe storm events. Rhode Island has both a legal and moral responsibility to do our part to address the climate crisis. Gutting our most important emissions reduction programs—only weeks after the publication of the state’s 2025 Climate Action Strategy (“CAS”)—would represent an abandonment of state government’s responsibility to protect our people and our natural resources.

We urge the General Assembly to lead on climate and reject rollbacks to these critical programs.

We offer the following comments on specific sections of the proposed budget:

Article 3, Section 16 - Energy Benchmarking

- We appreciate the continued push to benchmark the emissions associated with state properties and support this as a necessary first step. After all, it is hard to push for change when we do not know the current reality on the ground.
- It must be reiterated that this is **only** a first step. For us to meet our emissions reductions targets there needs to be benchmarking across all large properties, beginning with the largest contributors to the climate crisis. Making reporting for municipal buildings voluntary is only a half-step in the right direction.
- There is one troubling carve-out that needs to be defined more clearly and administered more transparently. It allows the Department of Administration to unilaterally declare a building exempt due to economic infeasibility or unique limitations, meaning these properties will not even have performance standards published. Having an unreviewable category of exempted properties that require no disclosure at all is recipe for a loophole that could undermine the entire program.

Article 6 - Green Bond

- Funding energy efficiency through a bond can make a lot of sense, as our income tax is more progressive than ratepayer funding. However, only bonding out \$10 million demonstrates a lack of commitment and provides only an insubstantial shift away from ratepayer funding.
- The CAS provides guidance on potential effective and valuable investments in our energy infrastructure. Following this guidance would produce net benefits for Rhode Islanders and make utility rates more stable and affordable. The Green Bond should incorporate and act upon these recommendations.
- The Governor is choosing **not** to act on any of his own Executive Climate Change Coordinating Council’s (“EC4”) recommendations through this bond, and is clearly leaving it to the General Assembly to make strategic investments in a green economy and clean energy.

Article 11, Section 3 - Cap on Energy Efficiency Program

- The beauty of energy efficiency is that each type of investment undergoes a rigorous analysis to ensure that it is less costly than buying a new unit of energy. In other words, this program is guaranteed to (more than) pay for itself!
- Under this proposal, we would be leaving huge potential savings on the table. We know that each additional dollar spent in this program would save a Rhode Islander three, and yet, this budget proposal sets an arbitrary limit on these net benefits. The message to Rhode Island ratepayers is clear: “We know we can help you, and we are choosing not to.”
- Given the age of our housing and building stock, we need to expand these investments to reduce energy usage as aggressively as possible.
- The primary entity claiming we should make these cuts is the one the stands to profit by building more power lines and gas pipes—our utility company. Utilities don’t make money on efficiency investments, which reduce the need for the costly infrastructure investments that drive their profits. This is a transparent and obvious conflict of interest.
- The Future of Heat Initiative does a good job of demonstrating how, despite our decreasing energy usage, the utility keeps spending more on infrastructure.¹ We must break this cycle of dependence and stop the expansion of our gas system that is impoverishing us all.

Article 11, Section 5 – Demand-Side Management

- This provision arbitrarily cuts—by half—the amount of funds that flow to the Rhode Island Infrastructure Bank (“RIIB”) as part of the energy efficiency program. This doesn’t reduce bills, as the same amount is being collected, but gives Rhode Island Energy control over \$2.5 million that previously would have been administered through RIIB. No policy reason for this change has been articulated.

Article 11, Section 7 - Zero-Emissions Resources

- This provision confuses the purpose of the RES with the growing need to secure carbon-free energy. The RES, through the purchase of renewable energy certificates (“REC”), is intended to provide a revenue stream to bring new renewables onto the grid.

¹ See Future of Heat Initiative, *Paying More for Less: Rising Gas Bills in Rhode Island* (2025), available at <https://static1.squarespace.com/static/66709b162534097dc14f6ecd/t/6982283891d36a31763319ab/1770137656977/FoHI-Gas-Primer-RI.pdf>.

- Providing RECs to existing nuclear facilities does not help bring new renewables onto the grid. It serves as a financial giveaway—for which Rhode Island ratepayers receive **no** benefits—to existing nuclear facilities.
- If we want to count energy procured from existing nuclear facilities towards our standard, we should do it without sending them a financial windfall.
- If we want to classify **new** nuclear facilities as generating RECs, then we should revise this proposal to accomplish that and support new construction, rather than providing pointless and costly subsidies to existing facilities.

Article 11, Section 8 - Renewable Energy Standard and Alternative Compliance Payments

- Undoing the RES is a wholesale undermining of the primary strategy that Governor McKee’s administration has relied upon to achieve compliance with the Act on Climate. There is no other way to read this than as an abandonment of the Act by this administration.
- Not pushing investment in renewables locks us into continued reliance on unaffordable gas, which is exactly what is driving our affordability crisis.
- The changes to the alternative compliance payments (“ACP”) structure divorce us from its original purpose of this program. The ACP is intended to serve as a cap on how much we pay for RECs, and adjustment is warranted to better align the program with affordability concerns.
- However, the Governor is proposing to use these funds for other purposes, such as giving them to the utility with an intention—but no assurance—of providing bill credits. This is the definition of reaching into ratepayers’ left pocket for cash and then putting it in their right pocket—after paying off the utility middleman—and claiming that everyone saved money. It’s an accounting trick to build political support while making the entire system worse.

Article 11, Section 10 - Net Metering

- The proposed grid access fee is nonsensical, as it is not related to the costs of accessing the grid for renewable projects. Project developers have already paid an interconnection fee or contribution in aid of construction to connect their project to the grid.
- This is a deceptively named monthly tax on **existing** renewable generation that would either cause existing generators to shut down or increase the cost of energy for no ascertainable purpose.
- It is the right time to revisit the net metering credit, as the explosion of projects in the program no longer accurately reflects the benefits that the projects are

providing. However, this budget proposes to take a hatchet to net metering and hamstring the entire program rather than developing an orderly and predictable reform, such as was hinted at in the Governor's Executive Order 26-01 to review net metering and the renewable energy growth program.

Article 11, Sections 9 and 11 - Remuneration

- It has been definitively demonstrated that the utility does not need excess payments when using guaranteed ratepayer funds to purchase long-term energy agreements. We appreciate and support the acceleration of the work done years ago to sunset these unnecessary payments.

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 Committee on Finance
Darrèll Brown, Vice President, CLF Rhode Island