

We all support “Affordability for all”. However, if we really want Rhode Island to be more affordable, then these are the things we should do to reduce energy costs:

1. Decrease our dependence on expensive fuels.
2. Reduce the barriers that are slowing the addition of clean, cheap, locally produced energy.
3. Reduce the price of delivering each kWh by generating and storing electricity closer to where we use it and by constructively using the spare capacity already available.
4. Manage the transition from natural gas to more efficient electric heat in ways that will reduce gas supply costs in the near term and will minimize stranded distribution assets in the long term.
5. Diminish the electricity efficiency fee and the impact of environmental ambition on electricity customers while accelerating efforts to become more energy efficient and sticking to the goals of the Act on Climate.

Sadly, the recently proposed state budget will perpetuate our dependence on expensive fuels delivered from far away. It will increase the profits of the utility companies while reducing the savings and investment returns available to ordinary Rhode Island residents and businesses. Ironically, while our political leaders boldly battle the Trump administration to secure affordable offshore wind, good jobs, a strong safety net, and a sustainable future, the proposed budget essentially diminishes our ability to achieve those goals.

Don’t believe it? Then consider this:

We rely too much on expensive fuels. Over 90% of our primary energy comes from fossil fuels – natural gas, fuel oil, propane, gasoline, and diesel fuel – all of which have become more expensive over the past few years. So, if you are upset about energy prices, do not be confused by the propaganda from entrenched energy suppliers. The problem is fossil fuels and the cure is less dependence on those fuels.

- According to the US Energy Administration (EIA), **Rhode Island is more dependent on natural gas for its electricity than any other state.** The biggest reason our electricity price has risen is the increased price of natural gas.
- **Rhode Island, like other New England states, has much higher average heating costs than other cold states. Why? because we are much more dependent on unregulated “delivered” fuels, i.e. oil and propane.** Those delivered fuels are great ways to store energy for backup purposes, and we will need some of that backup capability for many decades; but there are better, cheaper ways – specifically, cold climate air source and ground source heat pumps – to get most of the heat we need. A standard oil furnace is around 85% efficient. A heat pump typically has an efficiency of over 250%. It seems like magic, but so did refrigerators (the earliest form of heat pumps). Going from an oil or propane furnace to a modern heat pump is very much like going from an ice box to a refrigerator – way more efficient and less costly! Heat pumps can reduce annual heating costs by 10-60% for Rhode Islanders using oil or propane.
- **Gas customers are increasingly installing modern heat pumps** because, unlike a furnace or boiler, a heat pump can keep a home comfortable in both winter and summer. Even at today’s energy prices a properly used heat pump can reduce a gas customer’s heating bill. **Because heat pumps are so much more efficient than gas furnaces, as more gas customers rely on heat pumps the New England region will need less gas and that reduced gas demand should help to hold down the price of gas and of electricity.**

Red tape, inefficient processes, and predatory pricing are slowing the deployment of clean, cheap energy.

Because they have been the cheapest sources of new capacity, solar and wind power projects have accounted for over 80% of electricity capacity additions for the past few years, both globally and in the US. The New England states and our regional electric grid operator, ISO-NE, have been planning on offshore wind to maintain the reliability, capacity, and economy of our electricity supply. Perversely, the federal administration has repeatedly delayed nearly complete

offshore wind projects. And by rolling back tax credits, imposing new tariffs and import controls, and creating uncertainty about the United States as a predictable place to do business, the federal government has raised the costs and delayed the development of future offshore wind and of other renewable energy projects. It is hard to avoid concluding that those actions were taken to protect the profits of fossil fuel producers. But many things have been done and can be done to ensure Rhode Islanders enjoy an affordable and robust economy despite those recent headwinds.

- **Rhode Island has a long-term contract for power from Revolution Wind at a lower price than we are now paying for electricity supply.** So, the sooner Revolution Wind starts delivering power to shore, the sooner we will get price relief on our electric bills. Thanks to state leaders and Ørsted going to court over the administration's stop-work orders, we can hope to see power coming onshore early this year.
- **Congress could eliminate the tariffs, import controls, and capricious administrative actions that now make renewable energy and energy efficiency more expensive now than it was a year ago,** and more expensive here than in other countries.
- Recent federal actions have probably made it impossible to achieve Rhode Island's target of 100% renewables by 2033 at reasonable cost. However, we should not so meekly embrace that outcome as in the current state budget proposal. **Let's be both realistic and ambitious, extending by just a few years the target to achieve 100% zero-carbon electricity,** and trying things over the next few years that will make it easier to hit that target sooner and at lower cost.
- Northeast state governments and taxpayers, companies like Ørsted, and local workers have invested lots of money and time to create the capacity to build offshore wind projects. To maximize our returns on those investments, **we should aim to deploy more offshore wind projects quickly and at reasonable cost – when or where the Trump administration cannot stop them.**
- Northeast states have committed to accelerate the adoption of heat pumps. This year, **we should demand policies like heat pump rates or beneficial electrification credits, time-of-use rates, and reliable energy efficiency program funding** that will support faster heat pump adoption in RI.
- Experts tell us that **it takes longer and costs more to deploy solar here than in other developed countries, roughly twice as much as in Germany** for example. **We should fix that.** Let's pass legislation enabling plug-in ("balcony") solar like Germany has and like Utah recently did. Let's reduce rooftop solar inspection delays. Let's explore ways to reduce the cost of capital for renewable projects. For too long we have relied too heavily on subsidies and mandates to accelerate the adoption of clean energy. It's time to focus on making solar truly cheaper, before subsidies, by embracing new technologies and new ways of doing things.

We pay our local utility company too much (40% of typical residential bills) to transfer electricity and gas (via transmission and distribution infrastructure) from where it is produced to where we use it.

- If electricity can be generated on the roofs of the buildings where it is needed, and if it can be stored in or near those buildings until needed, **the delivery fee for locally produced electricity should be nearly zero.** We should push regulators and the utility company to achieve that vision for a significant fraction of new solar capacity.
- We essentially rent the electricity delivery system from Rhode Island Energy and we pay them to operate and maintain it. That annual rental fee goes up (and the company's profit goes up) whenever the company invests in the system. **To cure the currently high delivery cost per kWh, we should:**
 - a) **Minimize how much the utility company invests in the system.** We can do this by avoiding increases in our peak power demands, by making all incentives for heat pumps, batteries, and EVs dependent on participation in the utility's demand management program.
 - b) **Take advantage of the enormous spare capacity already available to deliver more kWh.** Electrification of heating and transportation will double total kWh consumed each year. That's OK. Today we typically use just 50% of the distribution system's capacity. So, if the cost of the distribution system can be held

constant through demand management, and if total kWh consumption doubles, then the average cost per residential kWh should be reduced by 20%.

- We pay 10x more in rent and O&M fees for the delivery system than we do for energy efficiency. **We should not be reducing energy efficiency spending. Every dollar spent on energy efficiency has typically generated over \$2 in bill savings and other economic benefits.**

Too many of our homes are drafty and poorly insulated. And too much of the program funding for energy efficiency and renewable energy has been dependent on federal grants and electric rate payers.

- When Rhode Islanders complain about high heating costs, they are essentially complaining about losing too much heat to the outside and spending too much on fossil fuels to compensate for the inefficiency of their homes. Most Rhode Islanders will need help fixing that problem – help in the form of technical guidance, rebates or loans or other incentives for the materials and labor necessary to seal and insulate, and to install more modern, efficient, and economical heating equipment.
- **Local companies – insulating contractors, HVAC contractors, and delivered fuel dealers who already sell and service heat pumps – are happy to help Rhode Islanders reduce their heating costs.** But those companies are more likely to hire people, and thus increase their capacity to help you, if they can depend on steady, growing demand for energy efficiency products and services. Programs that are funded for a few months or years, and then paused until more funding is found, frustrate contractors. We should ensure more consistent funding.
- For thirty years, RI electric customers have paid a small efficiency fee for a program that has helped electric customers reduce their electric bills. **Any Rhode Islander still using electric baseboard or other resistance heating systems would be well advised to ask Rhode Island Energy for help switching to a heat pump.**
- Gas customers have paid a small efficiency fee for 20 years that helps gas customers reduce their gas bills. But the best way to reduce gas bills today is to install a heat pump. **Unfortunately, the PUC will not permit the gas efficiency program to help gas customers reduce their gas use by installing heat pumps. The PUC should loosen that restriction.** Doing so will reduce gas procurement costs for the utility and will reduce annual heating costs for those gas customers with heat pumps. Gas customers who do install heat pumps should retain their gas heating systems for (a) backup, (b) peak shaving purposes, and (c) when the outdoor temperature is below freezing (at today's gas and electricity prices) or below 20° F (at the prices that will probably prevail 5-10 years from now) and the heat pump efficiency falls enough to make it less economical than the old system.
- The recently proposed state budget, and emergency measures approved by the PUC at the governor's request, would effectively reduce efficiency program fees on electric bills and would rebate 50% of those fees directly to ratepayers, thus reducing the electric utility company's efficiency spending. To ensure another efficiency program can step into the breach and help customers most in need of relief from high heating costs -- the legislature should do now what state energy planners recommended a decade ago -- **levy a fee on delivered fuels customers to help fund the Clean Heat RI program, a great efficiency program run by the Office of Energy Resources focused on helping users of delivered fuels, especially low-income customers, reduce their heating costs.** Unfortunately, the Clean Heat RI program has suffered from unreliable funding –so far provided by federal taxpayers (in the form of federal grants that appear and disappear unpredictably) and electric rate payers (in the form of RGGI fees paid by fossil-fired electricity generators and passed on to us). An efficiency fee on delivered fuel customers would help all of those customers reduce their heating costs; it would help them retain their old heating systems for backup in the event of a heat pump or power failure and for use as peak shaving resources in winter – thus enhancing resiliency and affordability.