

**Sue AnderBois
Councilor - Ward 3**

PROVIDENCE CITY HALL
25 DORRANCE STREET, ROOM 310
PROVIDENCE, RI 02903
OFFICE: 401-521-7477
WARD3@PROVIDENCERI.GOV



COMMITTEES

Chair - Special Committee on Environment and Resiliency
Chair - North Main Street Task Force
Health, Opportunity, Prosperity, and Education
Finance
City Property
Parks Commission

February 10, 2026

Re: Testimony in Opposition to Proposed Budget Article on Energy

Dear Chairman DiPalma and members of the Senate Finance Committee,

Thank you for the opportunity to share this testimony on the Governor's proposed budget as it relates to energy. While I agree that energy costs have been increasing rapidly and applaud efforts to address affordability for Rhode Islanders, the governor's proposed budget will **not** provide bill relief for residents and actually sets us on a path to increasingly higher bills and less affordable energy over time.

I am writing this as both a resident of Rhode Island with a background in energy policy across the region, and also as a member of the Providence City Council who serves on the Finance Committee and as Chair our Special Committee on the Environment and Resiliency.

I want to address four primary topics:

- Energy Efficiency is our most cost-effective way to help ratepayers manage energy costs
- Cuts to clean energy programs increase our reliance on gas, which has additional affordability effects
- Changing existing statute without grandfathering existing projects creates market uncertainty and affects municipal, nonprofit, and business budgets
- There is an on-going rate case that will have large effects on ratepayers' wallets

Energy Efficiency:

For the last 20 years, Rhode Island has had one of the nation's leading energy efficiency programs in the country – created via the General Assembly's passage of legislation entitled "Least Cost Procurement". This legislation requires a Program Administrator (currently the electric and gas utility PPL) to procure cost effective energy efficiency services that are less than the cost of additional supply. This requires that the energy efficiency is cost-effective and "right sized". These programs also have oversight from the Energy Efficiency and Resource Management Council (of which I am a member). The Energy Efficiency Council also commissions a tri-annual report to understand the market potential and cost-effectiveness of energy efficiency resources in the state. The Public Utilities Commission has final oversight over these programs.

While energy efficiency is an additional line item on bills, they ultimately save ratepayers money every year. These programs have additional benefits. They also create good, local jobs that can't be outsourced and help increase the comfort of participants' homes and businesses. Energy efficiency also overall increases the performance of our regional grid – and helps lower prices for everyone. In fact, at the Governor's press conference announcing the cuts he was joined by the leadership of Toray Plastics, who were recipients of over

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\$10 million in incentives from the programs a decade ago. These type of incentives help businesses stay competitive and keep their costs down – and businesses and residents today should have the same opportunities. These programs are already required by existing statute to only have an annual budget where the programs are cost-effective for ratepayers.

I have been thinking about the cuts to energy efficiency programs with the following metaphor. Much of my career has been in the nonprofit and government sectors, where you sometimes employ fundraising professionals. The metaphor I think is helpful here is that a fundraiser at a nonprofit has a salary, and that salary is a line item in the budget. Maybe the fundraiser has an annual salary of \$100,000, but she raises \$1,000,000. It might seem appealing to try to cut the budget by cutting that line item and thinking you have saved the organization money. However, in doing so – you have also cut out all of the funds that that person would have raised that year – and you’ve actually cost the organization money by cutting them. This is what is being proposed for energy efficiency. We can cut the line item on customers’ bills, but we are actually just reducing the benefits we would see from the program far in excess to the proposed cuts.

Cuts to Clean Energy Increase Reliance on Gas:

Much of the electricity generated in our region is currently generated via “natural gas”. Our region and our state do not produce any gas of our own – it is all imported from other places and subject to global market forces. For example, we saw steep increases in the market price of gas because of the war on Ukraine by Russia.

By disinvesting in clean energy development in our state, we are increasing our reliance on a single fuel for both heating and electricity. This further subjects us and our ratepayers to the volatility of this single fuel.

Doubling down on reliance on gas is also likely to increase our need to invest in the infrastructure to support gas. *The part of our bills that has been increasing most rapidly are the distribution and transmission charges* – these represent the infrastructure needed to deliver the fuels to our homes and businesses. Investment in pipes and infrastructure is also, coincidentally, where the utility is able to make their shareholder profit.

Clean energy also produces local jobs and local benefits. We are already seeing the Trump administration attack the offshore wind off the coast of Rhode Island. This industry could be helping to transform places like the Port of Providence with good, high quality, union jobs in construction and maintenance of offshore wind. Instead of protecting those jobs and those workers, this budget creates more uncertainty in the market and puts more Rhode Island jobs at risk.

And once these facilities are built – we aren’t relying on imported fuel from war zones. Wind and solar power do not need expensive, volatile fuels shipped in from elsewhere. Both renewables and fossil fuel plants require initial investment to build facilities and connect to the grid. However, for renewables, they are constructed, their operation relies on wind and sunlight or the movement of water as fuel – not a commodity with a volatile price.

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Changing Existing Statute:

The Governor's budget retroactively changes the rules for existing projects participating in net metering and "virtual" net metering. The way that the General Assembly constructed the virtual net metering program initially was to allow only entities with a public interest to participate. This means that municipalities, schools, and other nonprofits are the "off-takers" for the energy for most of these projects. Changing the rules and fees for existing projects not only puts the project and the renewable energy companies at risk – it also affects the budgets of the participating municipalities, schools, and nonprofits. In the City of Providence, we rely on the net metering credits are part of our annual budgeting process. To retroactively change this program could create a gap in our (and other municipalities) budgets that I do not imagine the Governor's budget will fill in other ways.

Changing existing statute without considering impact on existing projects also creates uncertainty in the business market. I have heard from several businesses that operate in Providence and larger Rhode Island that they located here in part because stability in our laws is not a question. Once a program exists or a law is passed and you are participating and have built your specific project under the assumption that laws are stable – you do not expect a state to retroactively change a law to affect an *existing* project. This is what this budget does. And businesses are not only worried about their existing projects becoming unsustainable – but are deciding whether to never invest in Providence and Rhode Island again.

Programs can change prospectively –for projects still in the pipeline that haven't yet been built. But it's irresponsible for our small business climate to change the rules after businesses and customers have already participated.

On-going Rate Case:

The gas and electric utility PPL (dba Rhode Island Energy) currently has an open rate case with our Public Utilities Commission to look at changes to rates going forward. This is the first rate case since PPL bought the Rhode Island business from National Grid.

On the table are increases to the distribution and transmission rates for rate payers going forward. If we want to increase affordability for our constituents, this rate case is where and how we can collectively best address the proposed rate structure.

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Conclusion:

Thank you so much for the opportunity to provide this testimony. I, too, care deeply about the affordability of our energy system for our residents. I also want to ensure that the solutions we put forward will actually address the problem at hand and not create additional affordability concerns moving forward.

I also care deeply about climate change and its effects on Rhode Islanders – as do many of the leaders in the General Assembly, and this budget will make it impossible for us to meet our Act on Climate mandates. I did not address this in the bulk of my testimony because this was proposed as an affordability measure, and I wanted to respond with regards to the overall affordability of the proposal. However, this budget does not exist in a vacuum and if passed, will have the impact of making it impossible to achieve our state laws on climate.

I believe the proposals put forth in this budget article will create chaos in our local clean energy business climate, double down our investments and reliance on a volatile-priced fuel, and overall lead to increases in our energy rates going forward.

We have shared goals of increased affordability for residents and businesses. I would love to work with the General Assembly and the Governor's team on solutions that help move our affordability agenda forward that will also help create and sustain good local jobs, and reduce pollution in our air and water ways.

With Gratitude,

Councilwoman Sue AnderBois
Providence City Council
Sue@sueanderbois.com
401-400-1014