

May 12, 2026

The Honorable Louis P. DiPalma
Chairman, Senate Finance Committee
Rhode Island State House
Providence, Rhode Island 02908

RE: S-2764 – Relating to Public Utilities & Carriers – Renewable Energy Standard

Dear Chairman DiPalma:

On behalf of Rhode Island Energy, I write in **support** of S-2764, which would amend the state’s Renewable Energy Standard (RES). We applaud Majority Whip Tikoian and the bill’s co-sponsors – including Leader Ciccone, President Pro Tempore Gallo, Chairman Burke, and Senators Raptakis, Patalano, Famiglietti, Thompson, Dimitri, and Appollonio, Jr. – for advancing this important legislation.

Rhode Island Energy provides essential energy services to more than 770,000 customers across the Ocean State through the delivery of electricity and natural gas. Our team of 1,300+ union and non-union employees is dedicated to helping Rhode Island customers and communities thrive, while supporting the transition to a cleaner energy future in a safe, reliable, and affordable manner.

Rhode Island’s RES is the most ambitious policy of its kind in the United States. It requires that a specified percentage of the electricity sold to end-use customers annually is offset by renewable energy resources. This is done through the procurement and retirement of Renewable Energy Certificates (RECs), which represent the clean energy attributes of qualified resources.¹ Each year, the annual RES requirement increases, requiring load serving entities (including, but not limited to, Rhode Island Energy) to procure an increasing amount of RECs through a regional marketplace to meet statutory obligations. **Left unchanged, the state’s RES requirements (and associated costs) will ramp steeply until reaching 100 percent by 2033 and every year thereafter.**

States, like Rhode Island, have created these standards to support renewable development which, in turn, can reduce sector emissions, promote domestic energy production, diversify the resource mix, and encourage economic development. Our Company supports these goals, too, but is mindful of customer bill impacts. With significant policy changes at the federal level stymying renewable investments (especially offshore wind) and broader inflationary impacts throughout the economy, the time has come for policymakers and stakeholders to collaborate on prudent and meaningful reforms to the RES. In doing so, we can contain the growth in associated policy costs over time while reducing power sector emissions consistent with Act on Climate goals.

While the underlying policy goals are laudable, RES implementation comes at a significant cost to local electric customers. Since 2014, Rhode Island Energy customers alone have paid ~\$254 million to support this mandate, with compliance costs projected to increase sharply between now and 2033. For example, in 2024, our customers paid more than \$34 million in RES costs; by 2033, we expect annual costs to approach \$100 million, representing a 180% increase. Note that this estimate does not represent total

¹ Importantly, the RES does not require load serving entities to buy *electrons* (or power) from renewable resources – rather, obligated entities, including Rhode Island Energy, purchase renewable energy certificates (RECs) from qualified renewable resources which serve to demonstrate that the actual electrons delivered through the grid have been “offset” with clean energy.

statewide cost impacts, as more than half of Rhode Island’s electricity demand is now met by third-party entities (including municipal aggregators) that must also comply with the RES.

For additional context, a typical Rhode Island Energy residential customer (500 kWh/mo.) is now paying \$8.02 per month just to support RES compliance, accounting for more than 5% of that customer’s total electric bill. This bill impact has more than doubled over the past five years and increases (or decreases) based upon monthly electric consumption. Importantly, Rhode Island Energy makes no “profit” on the RES; our compliance costs are a direct pass through to customers, which are recovered as part of the Supply charge on a customer’s bill and fully regulated by the PUC.

S-2764 proposes several important adjustments to the RES that will mitigate customer cost impacts, enhance compliance flexibility, and foster greater alignment with our neighbors – all without sacrificing Rhode Island’s long-term commitment to a clean energy future. These include:

- **Recognizing nuclear and large hydropower as resources that can help reduce Rhode Island’s emissions footprint and support long-term, economy-wide decarbonization.** This builds on action taken by the General Assembly in 2025 when it established a clear statutory pathway for electric distribution utilities to competitively procure long-term contracts with the region’s nuclear generation fleet – *a process now underway in coordination with other New England states*. Moreover, nuclear has a lower carbon footprint than biomass, which is *already* included in the RES. If Rhode Island is to achieve its Act on Climate mandates while ensuring the continued delivery of safe and reliable energy, it will need to leverage all available no-to-low GHG emission resources – particularly carbon-free, dispatchable resources like nuclear and large hydropower that can serve as a reliable backstop to intermittent resources (e.g., solar, wind). This is a moment to acknowledge that reality and align Rhode Island with other New England states, including Massachusetts and Connecticut, that already recognize the benefits of these resource types.
- **Expanding the quantity of RECs from “existing” clean energy resources that can be utilized for compliance, thereby reducing ratepayer impacts while still achieving a lower-carbon electric system.**² Today, the use of lower-cost RECs from existing clean energy resources is limited by statute to just 2% of total annual obligations. Increasing their use can temper utility bill impacts and still green our electric supply. Moreover, by retaining a hard cap on their use, policymakers will ensure that Rhode Island continues to increase demand for “new” clean energy resources over time until it achieves its 100% goal.
- **Adjusting Rhode Island’s Alternative Compliance Payment (ACP) rate to improve alignment with neighboring states.** The ACP mechanism establishes an alternate method of meeting annual compliance while also serving as a “cap” on total program costs. Today, Rhode Island has the highest ACP rate in the region, far outpacing what is in place in Massachusetts and Connecticut. By aligning with our neighbors, we can reduce customer cost exposure and, potentially, generate new state revenues for investment back into the green economy when REC markets are short on supply. *Respectfully, we encourage the Committee to set the ACP for “new” resources at \$40/MWh, which would align Rhode Island with Massachusetts and Connecticut and further protect Rhode Island ratepayers. Similarly, as found in other New England states, we respectfully request the addition of a separate ACP for “existing” resources.*

² Per §39-26-2(9), ““Existing renewable energy resources” means generation units using eligible renewable energy resources and first going into commercial operation before December 31, 1997.”

- **Enhancing REC banking provisions to improve market flexibility.** Like Vermont, state law should allow electric suppliers to bank RECs for up to 3 years' time without limit. This will foster greater compliance flexibility within the REC marketplace and may help reduce program costs over time.

In addition to these proposed changes, S-2764 Sub A has been drafted to maintain the existing RES compliance schedule (100% by 2033) while directing the Office of Energy Resources and Public Utilities Commission to study state progress. However, under the stated timelines, it is entirely possible that the study's findings would not be delivered until 2030. Meanwhile, Rhode Island electric ratepayers will continue bearing the full cost of ramping clean energy supplies at a far more aggressive rate than any of their neighbors. **Respectfully, we encourage the Committee to establish a 100% by 2040 standard which, when coupled with the aforementioned reforms, would drive significant ratepayer savings (~\$1 billion+ statewide over the next decade), continue supporting renewable development, and support achievement of the Act on Climate's mid-term emissions reduction target (i.e., a 100% renewable electric supply to power an 80% reduction in economy-wide GHG emissions by 2040).** By leaving the RES schedule as is heading into the next decade, ratepayers may be asked to pay hundreds of millions more in compliance costs when compared to a prudently adjusted 100% clean energy by 2040 standard.

Finally, Rhode Island Energy has several drafting concerns that require clarity, including §39-26-2(b), §39-26-4(b) and (g). We look forward to working with the bill sponsors and this Committee to address those matters in the coming weeks.

In closing, our Company thanks the bill sponsors and this Committee for their willingness to explore meaningful reforms to the RES and other important clean energy initiatives without sacrificing continued investment in critical energy infrastructure or advancement toward a lower carbon future. Rhode Island Energy stands committed to helping the state achieve its energy, economic and environmental policy goals in a safe, reliable, and affordable manner.

Thank you for your consideration of these comments.

Respectfully,



Nicholas S. Ucci
Director of Government Affairs

CC: The Honorable Members of the Senate Finance Committee
The Honorable David P. Tikoian, Majority Whip, Rhode Island Senate
The Honorable Frank A. Ciccone, Majority Leader, Rhode Island Senate
The Honorable Hanna M. Gallo, President Pro Tempore, Rhode Island Senate
The Honorable John P. Burke, Rhode Island Senate
The Honorable Leonidas P. Raptakis, Rhode Island Senate
The Honorable Todd M. Patalano, Rhode Island Senate
The Honorable Stefano V. Famiglietti, Rhode Island Senate
The Honorable Brian J. Thompson, Rhode Island Senate
The Honorable Andrew R. Dimitri, Rhode Island Senate
The Honorable Peter A. Appollonio, Jr., Rhode Island Senate