

Chairman Basaillion;
Senate Housing and Governmental Affairs Committee

RE: Support for S 2905

Dear Chairman Basaillion

My name is Bart Lloyd. I live in Newport and am a retired affordable housing attorney.

S 2905 - the Decarb Demo Initiative - would create a revolving fund to make geothermal 'feasibility loans ' for larger (65k sq ft +) multifamily properties.

Geothermal for heating/cooling - circulating water short distances underground to reach 55 degree ground temperatures - is clean energy and reduces energy costs by 40-50% over gas, oil or air source heat pumps. It is generally economically feasible for larger buildings (3 mansions in Newport that have converted to it - not for altruistic purposes, but because it is cheaper and better energy), and is still eligible for Section 48 (E) federal tax credits to subsidize (up to 50%) of its high capital costs.

However, proving that feasibility is not cheap. Due to the snowflake nature of our larger buildings - each one requires its own professional engineering study to show exactly: how much is needed, what it will cost, and what the savings will be. Moreover - most building owners (except those with large charitable

endowments) have to convince third parties - partners and lenders - that the investment is worth it.

Those studies cost around \$50k. And while that is not huge in the scheme of an investment that is likely to be in the \$1M+ range, it is a significant enough sum that most owners will not venture it on an unknown return.

The demonstration initiative addresses this impediment and would make up to \$50k loans to owners of large buildings (up to \$75k for very large buildings) that are repayable if the project moves forward, but forgivable if it doesn't.

There are a lot of good reasons to promote geothermal for large buildings:

- 1) it would affect large winter natural gas users and significantly decrease winter natural gas demand (and, consequently, prices);
- 2) it would limit the amount of new electric grid capacity we would need in our electrification efforts. Using air source heat pumps to electrify these buildings would require significant new grid capacity;
- 3) because it also cools, it would - especially in urban areas where they are part of significantly built environment - decrease the heat island effects of large buildings in the summer; and
- 4) it would capture an available federal subsidy to aid in our state decarbonisation efforts.

5) There's others too, including cleaner air for residents, but that's a good start.

There has been one comment filed. Rhode Island Energy objects to the reference to utility programs in § 42-6.3-5(c). That reference only opens the possibility of using that program for reimbursement - and removing it is not at all problematic.

This revolving loan program could spur the conversion to geothermal of a significant number of large oil and natural gas users, and could materially decrease both the usage and price of natural gas in the winter.

Thank you.

W. Bart Lloyd
16 Chestnut St.
Newport, RI 02840