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VIA ELECTRONIC MAIL
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**In Re: Investigation into the Future of the Regulated Gas Distribution Business in
Rhode Island in Light of the Act on Climate
22-01-NG Future of Gas**

I. INTRODUCTION

The Rhode Island Attorney General, Peter F. Neronha (“Attorney General”), offers the following comments in response to the Public Utilities Commission’s (PUC) Draft Staff Recommendation.

The Attorney General welcomes the opening of this Docket given the urgent need to address the required transition away from fossil fuels. The State of Rhode Island cannot sit back in the face of climate change, which threatens the very fabric of our way of life and our economy. Our state is leading the charge towards a cleaner future and has recently passed both the 2021 Act on Climate and the requirement to reach 100% renewable electricity by 2033. *See* R.I. Gen Laws § 42.6-2 *et seq.*; *see also* R.I. Gen Laws § 39-26-4. The General Assembly has set both mandates with aggressive timelines that require immediate action, and consequences if goals are not transformed into concrete achievements.

This docket is an important first step towards realizing the mandates set by the legislature. Our state (as is the case throughout the country) currently relies on natural gas service to, among other things, heat our homes and businesses. More than half of Rhode Island homes currently receive gas service, and new gas hookups are constantly being added to our already strained system at the end of the Algonquin pipeline. According to the most recent state study of this issue (which is already out of date in some of its conclusions given the fast-changing nature of climate science and the price effects of new state and regional mandates), the heating sector contributes approximately one third of greenhouse gas emissions in Rhode Island. Dr. Dean Murphy & Dr. Jurgen Weiss, Rhode Island Division of Public Utilities and Carriers, Rhode Island Office of Energy Resources, *Heating Sector Transformation in Rhode Island: Pathways to Decarbonization by 2050* 1 (Apr. 2020), <https://energy.ri.gov/sites/g/files/xkgbur741/files/documents/HST/RI-HST-Final-Pathways-Report-5-27-20.pdf> (hereinafter “Heating Sector Transformation Report”). A path forward to net-zero by 2050 requires a transition to a new approach to heating sources for most customers on an increasingly compressed timescale.

Previous generations did not realize how little time would be available to forestall the devastating effects of climate change Rhode Islanders are unfortunately already experiencing in the form of historic flash flooding, wind damage, and drought. *See* NOAA National Centers for Environmental Information, State Climate Summaries 2022: Rhode Island, <https://statesummaries.ncics.org/chapter/ri/>. Temperatures in Rhode Island have already increased 4 degrees Fahrenheit since the beginning of the 20th Century. *Id.* And, even since a government report on climate issued in January 2022, the situation has worsened—while the report notes historic droughts in 2016 and 2020, this summer proved another historic strain on water supplies. *See id.* We are now being thrust into what must be a rapid transition period away from the fossil

fuels that have powered and heated this country for more than a century. Through this docket, stakeholders must be free to voice their concerns about the handling of these decisions and to help determine policies aimed at facilitating this necessary change. Public participation, transparency, and equity (including equity in funding, messaging and participation opportunities) must be keystones of this process. Much is at stake—Rhode Island’s environment, the health of its people, and the economic well-being of its communities are threatened. Utility regulation will be a bulwark against these harms, and must carefully protect ratepayers from the extreme costs that could result from anything less than a meticulously planned transition.

Rhode Island is uniquely positioned to implement large-scale electrification efforts in a more efficient manner than some other states in the region. As noted in the PUC’s scoping proposal, The Narragansett Electric Company d/b/a Rhode Island Energy (RIE) owns and operates both the gas and electric distribution system. As such, RIE is responsible for both the current gas system and its most promising replacement (especially in residential settings). Having one company head both utilities presents opportunities for efficiencies and innovation to be identified in this docket. Throughout this process efficiency must be a guiding principle and costs must be minimized. However, to the extent that transition costs are unavoidable between now and 2050, those costs must not fall solely on ratepayers or taxpayers. Utility franchises are state-sanctioned and state-regulated monopolies meant to serve the people. Profits that are not properly calibrated to efficiently incent needed investments and cost structures that pose inequitable burdens on already challenged populations must be rejected—this process should be focused on the possibilities of the future and avoid the temptation of maintaining what has been for some a very profitable status quo.

II. RIAG'S RESPONSES TO PUC'S QUESTIONS REGARDING SCOPE

A. QUESTION ONE: HAVE STAFF IDENTIFIED APPROPRIATE PURPOSES FOR THE DOCKET?

This docket presents a unique opportunity to carefully consider a wide variety of issues that typically evade regulatory review. It is important to go beyond suggestions and hypotheticals, creating concrete recommendations and timelines—a framework for real changes that can help us realize the State's objectives while protecting consumers. To that end, the Commission has suggested a series of five purposes for this docket that transcend typical rate review and reconciliation filings.

The Attorney General suggests the following limited expansions to the PUC staff purpose statements (in bold):

1. Explore the requirements of the Act that are relevant to the PUC's jurisdiction;
2. Identify and analyze the technical and regulatory approaches that enable meeting the goals for the gas system, including enabling the State to meet the emissions reduction mandates in the Act;
3. Identify goals for the gas system that are consistent with the law **or, if there are conflicting legal constraints, identify necessary changes to the law**, including, but not limited to, the emissions requirements of the Act and the requirements of Title 39;
4. Create a framework **and timeline** for implementation of necessary or beneficial actions under the PUC jurisdiction over the gas system specifically and/or public utilities generally;
5. Identify necessary or beneficial actions that are beyond the PUC's jurisdiction over the gas system specifically and/or public utilities generally; **and**
6. **Expressly consider equity when developing policy decisions or recommendations.**

While the draft scope already notes the importance of considering equity issues and issues of environmental justice, naming equity as an overarching purpose of the policies to be developed in the docket will shape the thinking and reasoning of all participants. Sharp focus on equity and a willingness to envision a future that improves on the present will improve the ultimate products of this proceeding.

The Attorney General would also like to address the final statement within the Purpose section of the proposed purpose section:

In meeting these purposes, the PUC will have clear recommendations from stakeholders on the future of the gas system in light of the Act. The PUC will, at that point, begin one or more processes to implement the recommendations the PUC finds appropriate.

This statement highlights the importance of taking action once information is brought to light through the original processes contemplated in this docket. The current docket is designed to facilitate stakeholder involvement and careful collaboration as the PUC considers these issues. The Attorney General strongly encourages the PUC to include an efficient centralized docket and communication platform where stakeholders, the public, and outside agencies can easily monitor and participate-in any follow-on processes that will implement recommendations. Details of implementation can have profound effects on all six of the purposes articulated above, and public participation and transparency of agency decision-making sharpens and improves the ultimate outcomes of all processes.

B. QUESTION TWO: IS THE PROPOSED WORKPLAN DESCRIBED IN SECTION III—INCLUDING A POLICY ANALYSIS, SCOPING OF THE TECHNICAL ANALYSIS TO BE PERFORMED BY RIE, AND POLICY DEVELOPMENT—APPROPRIATE FOR MEETING THE PURPOSES?

1) Policy Analysis

The PUC’s Policy Analysis phase is important to set the stage and answer threshold questions. However, time is short and an inability to arrive at final answers to these questions should not prevent or delay the other work that must be done in this docket. In the event that definitive answers cannot be arrived at in a timely fashion, set assumptions and sensitivity analyses should be allowed to substitute for exact answers to some of the questions posed in this phase of the docket. This is especially true when considering questions that may be answered by Rhode Island’s Executive Climate Change Coordinating Counsel (the “EC4”) in its deliberations. The phrasing of several of the questions appear to indicate the path-dependency of this docket on ongoing EC4 proceeding. However, this docket may not be able to wait for the EC4 to complete its decision-making processes prior to moving forward towards the Technical Analysis at the heart of this proceeding.

For instance, under Question 1(a) the PUC has asked: “How are emissions accounted for by the EC4 in each sector and for the state?” In Question 2 (b) the PUC also asks “Which point-of-view of emissions reduction does the Act and EC4 take – e.g., societal emissions, state emissions, and/or consumer emissions?” While these are important questions to weigh and have answered, they should not unnecessarily delay technical and policy analysis as we await clarification or future action from EC4. In addition, EC4 or the General Assembly could change the answers to these questions over time. The Heating Sector Transformation Report is a good example of the potential pitfalls of cabining analyses on fixed assumptions that could be altered by policy changes. The report noted that the estimates it used for future fuel prices were already

out of date—because they were “probably not consistent with the decarbonized future considered by Rhode Island and other New England states.” *Id.* 10 n.13. The report could have been more informative if it presented range estimates. Whenever possible, unanswered questions such as these should be addressed with reasonable definitions accompanied by appropriate sensitivity analyses to consider a range of potential requirements and outcomes based on the information available and positions provided through stakeholder and public engagement.

2) Scoping of the Technical Analysis to Be Performed by RIE

As noted in the proposed scoping document, the May 2022 settlement agreement between the Attorney General, PPL Corporation, and PPL Rhode Island Holdings, LLC (the “Settlement Agreement”) identified certain specific studies and analyses to be included within the Act on Climate Report. The Settlement Agreement also specifically allowed *certain of these requirements* to be superseded by this docket. The Attorney General appreciates the PUC’s clear intention to encompass those specific issues here. At the same time, the Attorney General notes that, apart from the potential superseding of *specific requirements as set out by the Settlement Agreement*, this docket should not – and cannot – relieve PPL Corporation, PPL Rhode Island Holdings, LLC, or RIE of any obligation to conduct the Electric and Solar Growth Study and Energy Efficiency Program Use Study as contemplated in the Settlement Agreement.

As noted in the draft scoping, technical analysis will be essential to “create information useful to understanding what actions and options for emission reductions are effective and to identify the potential benefits and costs of these actions and options.” Similarly, the docket should provide an opportunity to “examine different mechanisms for implementation of solutions and cost recovery[.]” To meet these aims requires careful analysis of the pros and cons related to potential options for reducing emissions while continuing to ensure safe and reliable energy for Rhode

Islanders at a reasonable cost.¹ Factors to be weighed should include costs, benefits, rate impacts, reliability, impacts on other (and sometimes unregulated) industries and sectors, etc.

The Attorney General also suggests altering this section and retitling it: “Scoping of the Technical Analysis ~~to Be Performed by RIE~~”. In addition to RIE, stakeholders, including but not limited to the Attorney General’s Office, should be allowed to conduct their own modeling and analyses of the specific Technical Analysis questions where appropriate. Although RIE should be required to provide the information sought by the PUC, competing stakeholder analyses, where available, should be considered by the PUC and utilized throughout the other phases of this docket. Stakeholder experts should also be provided an opportunity to review RIE’s Technical Analysis, including the bases for that analysis, and offer insights and/or critiques following its completion .

For instance, Question 3(d) asks “How much detail about how changes in the gas system will impact other sectors is necessary to model in order to answer key questions?” and Question 4 asks whether current information “warrants” testing alternative assumptions and sensitivity analyses. These are important questions that stakeholders may have an interest in but are not specifically posed in the stakeholder part of the scope document. Stakeholders may have available resources to further these questions and use of those resources should be encouraged and facilitated. Likewise, the results should be considered together with the important analysis the company will be conducting, ensuring that information is shared and carefully examined. A diversity of information beyond the limits of any analyses the utility provides can safeguard equity goals and ensure the procedure is not dominated by a utility perspective because the available technical data is produced only by the utility. The PUC should clarify that stakeholders are

¹ It should be noted that reliability and reasonable costs are already a challenge for natural gas customers. Increasing price volatility and potential for service disruptions highlight the need to find responsible alternatives.

welcome to provide relevant technical perspectives on technical questions to the extent they have the ability to do so. Allowing diverse perspectives will give the entire stakeholder pool an enhanced ability to participate in the policy phase, without the necessity of drawing on a single source of technical expertise.

3) Policy Development

Policy development is the heart of the docket, and the PUC has provided a broad range of important questions to allow proper vetting of the policy issues that must be addressed. The Attorney General supports the proposed questions. The policy analysis and technical analysis phases should all be implemented with an eye towards addressing these questions, ensuring that all needed information is made available along the way for stakeholders to have a meaningful base from which to make their contributions.

Whether these questions remain adequate after development in the policy analysis and technical analysis phases remains an open question. The PUC should consider, depending on the length of the contemplated schedule, additional opportunities to suggest policy development questions as more information becomes known. Efficiency of the process remains an important consideration however, and it appears that at this time the questions are sufficient to address the most pressing issues.

The outcome of the policy development process must be actions the PUC can take or actions the PUC can recommend, along with an accompanying timeline, that adequately address the contribution of the natural gas system to the heating sector through 2050. To the extent that there are gaps in the final product of the policy development phase, these should be made explicit and should be documented. In addition, any and all “make or break” policy decisions, deadlines, or choices must be highlighted. Because of the short timescale of this economy-wide endeavor, there is little room for error and paths that are likely to produce reliable reductions should be

identified. Whenever a particular recommendation has a risk of failure, those risks should also be made explicit. At the end of this proceeding, the result should be a roadmap that future decisionmakers can follow and can use to evaluate whether efforts have gone off-track.

C. QUESTIONS THREE AND FOUR: DO ANY ISSUES OR QUESTIONS DESCRIBED IN SECTION III NEED TO BE NARROWED OR BROADENED? / DO ANY ISSUES OR QUESTIONS NEED TO BE ELIMINATED FROM OR ADDED TO SECTION III?

As highlighted above, the scope provided by the PUC highlights many of the questions that should be addressed in this docket. In addition to the specific comments provided above, the Attorney General notes that this docket is designed to provide information and analysis not yet available. As such, it is important for the scope to remain somewhat malleable. While the process cannot afford to be bogged down or slowed, it is important that the PUC remain open to exploring new solutions and issues, especially as the scope of climate harm, scientific advances in emissions calculations, and scientific advances in helpful technology develop. While the PUC's proposed scope certainly provides flexibility, it should also be interpreted throughout this process to allow for reasonable expansion of ideas and inquiry. The challenge of transitioning our entire natural gas system and energy sector will require all of Rhode Island's creativity and collaboration across its citizens, public sector, and private sector. The PUC can assist in fostering that collaboration to help the State achieve its goals while also providing reliable energy at reasonable costs.

III. CONCLUSION

In sum, the Attorney General is excited for the opportunity to actively participate in this docket. Rhode Island is well positioned to lead the country in developing a plan to usher in and implement the energy technologies of the future. We are also in a position to improve upon the processes that have taken place in other states, such as Massachusetts, to ensure that this docket results in meaningful and adaptable information, as well as tangible results and policies that can

be enacted throughout our state. We must carefully determine how the Act on Climate mandates can best be met, while also carefully protecting the numerous interests affected by the natural gas system and its ultimate replacement (or more-likely, extreme downsizing). It is our duty to ourselves and future generations to take the steps necessary to address climate change and to plan for a brighter and cleaner future.

Respectfully submitted,

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