HANDY LAW LLC

Memorandum

From: Seth Handy
To: RI PUC
Date: August 8, 2025
Regarding: Request for Comment on Options
for Mitigating Winter Price Volatility for the Winter Of 2025-2026

Governor McKee asked the Commission to seek ways to mitigate the volatility of electric bills caused by the swings in electric supply costs caused by the market price of electricity increasing each winter in the regional markets. We respond on behalf of our firm – these comments are not the opinion of any of our specific clients. The Commission seeks input from stakeholders on whether the Commission should formally pursue consideration of measures that would reduce bill impacts for the peak heating months of December through March. The Commission specifically asks for comments on specific options it proposes. These comments address the broader question that the Governor poises.

Winter rates are high principally because we over rely on natural gas for both our electric and our heating supply. Stakeholder comment cannot adequately address the electric supply question without also addressing the question of reliance on natural gas for heating. These comments will address both.

I. Electricity

In 2015, many of Rhode Island's best experts worked with to generate our state energy plan (Energy 2035). Those experts included Dr. Ken Payne, Marion Gold, Hannah Morini, Abigail Anthony, Sheila Dormody, Cynthia Wilson Frias (PUC), Linda George (Senate Policy - now director of DPUC) & Ian Springsteel (National Grid).
RI's Energy Plan (Energy 2035) made it crystal clear that it's this continued "business as usual" that costs us.

> How cost-effective is Rhode Island's current resource portfolio for providing energy services? . . .Navigant's scenario modeling results showed multiple viable pathways to cheaper alternative energy futures. Even with significant changes to Rhode Island's energy economy, the state could realize substantial energy savings for consumers, businesses, and institutions. In fact, business-as-usual represents the most expensive path of each of the three distinct scenarios modeled by Navigant. Over the life of the Energy 2035 planning horizon, business-as-usual could cost Rhode Island between $6.6 billion and $15.4 billion (8 percent to 19 percent) more in fuel costs, compared to alternative energy futures (Figure 29). Depending on the scenario modeled, the average Rhode Island household could save between $290 and $670 in annual energy costs compared to the business-as-usual condition. This suggests that pursuing aggressive fuel diversity and /or greenhouse gas (GHG) reduction performance measure targets is likely to present more cost-effective courses of action for the state than business-as-usual policies, and would actually bolster Rhode Island's long-term economic health.

RI's State Energy Plan, Energy 2035, pp. 46-47 (see https://lnkd.in/g2y6j8iM).

i. Demand Side Management

Back in 2017, the PUC engaged experts to work with many stakeholders (including the utility and our firm) to develop a system to better evaluate the costs and benefits of our energy decisions. One unanimous recommendation from that Docket 4600, docket was to immediately pursue demand side management solutions to better incentivize our consumers to moderate their energy consumption during periods of peak demand. The consensus recommendations were laid out in great detail on pages 12-14 of the final report

https://ripuc.ri.gov/sites/g/files/xkgbur841/files/eventsactions/docket/4600-WGReport_4-5-17.pdf

> The purpose of time-varying rates (TVR) is to send better and more accurate price signals to customers regarding when the use of electricity is relatively expensive or relatively cheap so that customers can make

more efficient decisions regarding when to use and not use electricity. TVR can be used for sending more accurate price signals regarding production, transmission, and distribution. There are a wide range of TVR options including most commonly time-of-use (TOU) pricing; critical peak pricing (CPP); peak-time rebates (PTR); and real-time pricing (RPP). The Working Group has the following important observations and recommendations regarding the design and implementation of TVR in Rhode Island—made by consensus unless otherwise noted.

. . .• Integration into existing programs (to leverage them) such as energy efficiency program design and delivery; and Well-designed TVR should be offered as a default service for energy supply on an opt-out basis as soon as practical (e.g., the presence of advanced metering functionality and related communications and billing changes in place).

• Regarding default TVR rates for different customer classes, instead of specific TVR recommendations for each customer class at this point in time, the Working Group prefers to lay out the following recommended parameters/considerations, as well as recommended process for determining TVR design at a later date.

- Different rate designs should be considered for different customer classes reflecting their unique characteristics and capabilities • Alternative rate designs should be evaluated for relative benefits and costs using the Rhode Island Benefit-Cost Framework (See Chapter 2)
- Alternative rate designs should also be evaluated for their potential relative effectiveness and impacts on equity
- TVR approaches should be used to complement and support technologies and programs to reduce peak demand
- TVR should be considered for not just energy supply, but also distribution and transmission rates
- Capacity should be developed to consider impacts of rates on goals that include both DERs and electrification (heat pumps and vehicles) to replace fossil fuels
- Although the Working Group is not prepared to recommend specific TVR rate designs for each customer class at this juncture, it does recommend that the Commission consider the following types of rate designs (peak time rebates, time-of-use (including seasonal) critical peak pricing, and real time pricing) for each of the customer classes (large C&I, small C&I, and residential)
- The Commission should consider establishing performance metrics for the utility's achievement of specific peak demand reductions over time, and should also consider establishing utility incentives to do so.

Time of use rates have yet to be implemented for RI.

ii. Energy Efficiency

On energy efficiency, *Energy 2035* says

> Energy efficiency is the state's centerpiece policy for achieving the Energy 2035 Vision. The state is already a nationally recognized leader in energy efficiency, due to its "Least-Cost Procurement" mandate for electric and natural gas resource acquisition planning. Least-Cost Procurement ensures that Rhode Island maximizes the use of the lowest-risk, lowest-cost, and arguably most sustainable energy resource available: energy efficiency. As Rhode Island looks ahead to 2035, the State should reaffirm its commitment to leadership in energy efficiency by instituting an economy-wide, all-fuels approach to least-cost resource acquisition. . .
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> Under the Least-Cost Procurement mandate, the State currently invests over $100 million annually in energy efficiency programs that achieve electric savings exceeding 2.5 percent of load, and gas savings exceeding 1 percent of load. The benefits of Least-Cost Procurement are proven and are paying dividends today: savings from ratepayer-funded energy efficiency investments made during the past ten years are supplying approximately 12 percent of the state's electricity demand today, at an average lifetime cost of under 4 cents / kWh. Total economic benefits to Rhode Island from these investments exceed $1 billion. To continue securing the benefits of least-cost energy efficiency for all Rhode Island consumers, the State should renew the Least-Cost Procurement mandate's key provisions that expire in 2018, including System Reliability and Energy Efficiency Procurement Plans and collection of the electric and gas System Benefits Charge. Scenario modeling for this Plan suggests that extending Least-Cost Procurement to 2035 could deliver approximately 20 percent total energy savings in both the electric and thermal sectors of Rhode Island's economy over the life of this Plan's horizon. . . Nearly 40 percent of Rhode Island homes heat with unregulated, petroleum-based delivered fuels such as home heating oil and propane. The state's current Least-Cost Procurement mandate, however, addresses only regulated fuels—electricity and natural gas. As a consequence, no dedicated energy efficiency program funding exists to serve delivered fuel customers. Because of this, significant consumer, economic, and environmental benefits have been left on the table. Developing a long-

> term strategy for sustainably funding energy efficiency services for the unregulated fuel sector will help fully extend the benefits of Least-Cost Procurement to delivered fuel customers and potentially deliver 15 to 25 percent total energy savings in the thermal sector by 2035.

Energy 2035, pp. 60-61.

The Massachusetts Energy Efficiency Advisory Council has proposed a three-year, $5 billion energy efficiency plan, with an emphasis on widespread heat pump installation to transition residential utility customers from gas to electric-based heating. In Rhode Island as in Massachusetts, transitioning to a clean energy system requires transformation at every level, from renewable power generation to electrification and weatherization at the individual customer level.

https://www.utilitydive.com/news/massachusetts-utilities-file-5b-efficiency-plan-Mass-Save/731842/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202024-11-04%20Utility%20Dive%20Newsletter%20%5Bissue:67476%5D&utm_term=Utility%20Dive

iii. Local Renewable Energy

Energy 2035 also speaks to the great importance of local generation of clean, renewable electricity.

> Rhode Island cannot achieve the Energy 2035 Vision without bold steps to increase the generation and use of clean, renewable sources of energy—wind, solar, hydropower, anaerobic digestion, and others. Renewable energy will diversify the state's energy supply portfolio, help mitigate long-term energy price volatility, stimulate the state's economy through industry growth and job creation, and set Rhode Island on pace to meet ambitious greenhouse gas emission reduction targets. Furthermore, as electricity use grows in the thermal and transportation sectors—through the proliferation of highly efficient cold-climate heat pumps and electric vehicles, for example—increasing amounts of renewable energy will assist in diversifying and decarbonizing these other sectors as well.

Id. at p. 62.

Much research and expertise has demonstrated that greater reliance on local renewable energy promises to reduce our rates. In this study, eleven separate analyses show that individuals and businesses that decide to go solar deliver greater benefits to the grid and society than they receive through net metering.

https://environmentamerica.org/resources/shining-rewards-2/

Each analysis showed that individuals and businesses that decide to "go solar" generally deliver greater benefits to the grid and society than they receive through net metering.

On March 24, 2016, energy expert Karl Rábago, the principal of Rábago Energy, LLC, addressed the RI general assembly, clearly and compellingly about how we need to start properly valuing the costs and benefits of our inputs to our energy system in order to realize value and reduce the cost of our electricity. That message was well delivered almost 10 years ago, but sadly it evidently still bears repeating and much better understanding.

https://handylawllc.com/news/karl-rabago-introduced-by-seth-handy-spoke-to-the-ri-general-assembly-march-24-2016/

Acadia Center specifically studied the costs and benefits to ratepayers of net metering renewable energy in Rhode Island. https://acadiacenter.org/new-study-shows-value-of-solar-in-rhode-island/

It wrote

> Acadia Center assessed the grid and societal value of six solar PV systems to better understand the overall value that solar PV provides to the grid. By evaluating an array of configurations, this analysis determines that the value of solar to the grid—and ratepayers connected to the grid—ranges from 19-25 cents/kWh, with additional societal values of 7 cents/kWh.
>
> Solar generation is a valuable local energy resource that provides significant benefits to ratepayers," said Abigail Anthony, Director of Acadia Center's Grid Modernization Initiative and Rhode Island Office. Solar PV provides unique value to the electric grid by reducing energy demand, providing power during peak periods, and avoiding generation and related emissions charges from conventional power plants.

Beyond all the societal benefits, Acadia's study concluded that the benefits to the electrical system more than offset any costs of our renewable energy programs, the renewable energy growth program and net metering.

Net metering is instrumental in the growth of solar energy, particularly on homes and businesses. Net metering enables renewable energy generators to earn fair compensation for benefits they provide to other users of the electricity grid, and makes "going solar" an affordable option for more people. Net metering works by providing customers a credit on their electric bill that offsets charges for energy consumption. Decision-makers should recognize the great value delivered by distributed solar energy by preserving and expanding access to net metering and other programs that ensure fair compensation to Americans who install solar energy. As renewable energy has taken off in recent years, however, utilities and other special interests have increasingly attacked net metering as an unjustified "subsidy" to solar users.

Richard McCann is an expert who has testified in utility rate cases for three decades. California's investor-owned utilities peddle a "cost shift" myth, claiming that rooftop solar customers burden other ratepayers with higher electric bills. Utilities consistently over-forecast load growth, leading their regulators to authorize unnecessary infrastructure spending based on inflated projections. The CA Energy Commission predicted peak load would surpass 60,000 megawatts by 2020, but it remained around 50,000 megawatts, the same as 2006. Rooftop solar installations, totaling about 15,000 megawatts, almost perfectly offset this over-forecasted amount, saving utility ratepayers billions. McCann's analysis reveals a $9.5 billion swing towards actual benefits that rooftop solar generates for the state's ratepayers.

https://mcubedecon.com/2025/02/27/white-paper-on-how-rooftop-solar-is-really-a-benefit-to-all-ratepayers/

In 2017, the Division of Public Utilities and Carriers' Transforming the Power Sector report observed:

> [w]hile many industries have become more efficient over the last few decades by leveraging information technologies to more fully utilize capital investment, Rhode Island's peak to average demand ratio is 1.98, meaning that nearly half of the utility's capital investment is not utilized most of the time . . . To meet peak demand, our system currently invests in solutions that are more expensive than is necessary. . .
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> In the traditional regulatory model, electric utilities earn a return on investments based largely on the cumulative depreciated cost of the prudent capital investments. This model may exert a "capital bias" on the utility to deploy capital-intensive solutions. This occurs because the primary financial means through which the utility can grow its business and enhance earnings for shareholders is to invest in capital projects. This bias, created by the regulatory framework rather than by the utility itself, discourages the utility from seeking more efficient solutions that do not depend on large capital investments.

*Transforming the Power Sector Phase 1 Report (*Nov. 2017) https://ripuc.ri.gov/sites/g/files/xkgbur841/files/utilityinfo/electric/PST-Report_Nov_8.pdf), at pp. 13-14, 16.

In RI's last legislative session, legislators proposed bills designed to increase renewable energy generation in our state. In one such bill, H6085, the sponsors sought to clarify that solar canopies are not "ground mounted" and, therefore, should not be subject to the cap and 20% rate reduction for net metering.

https://webserver.rilegislature.gov/BillText/BillText25/HouseText25/H6085.pdf

The electrical union supported this simple proposition testifying that it was consistent with legislative intent to "move solar development to more environmentally desirable areas and continue towards our goal of a 100% renewable energy State." The League of Cities & Towns added support, saying that "Municipal leaders across Rhode Island have expressed strong interest in solar canopy projects as a way to lower energy costs, reduce emissions, and increase community resilience." But, our utility and its regulators derailed the bill by arguing that net metering costs ratepayers too much. The Division of Public Utilities and Carriers said it "opposes any expansion of net metering without an in-depth review of renumeration reforms, as unaffordable to Rhode Island ratepayers." The PUC added opposition, arguing that "A typical residential customer using 500 kWh per month will pay $7.30 per month on their electric bill to support this program." The calculations of cost were unsupported. The bill died in committee.

Meanwhile, Massachusetts wisely moves to incentivize solar on rooftops, parking lots, and developed land, including adders for parking canopy structures. The proposal, announced by the Department of Energy Resources, also aims to respond to inflation's impact on equipment costs.

https://www.canarymedia.com/articles/enn/massachusetts-aims-to-adapt-with-the-times-with-updates-to-solar-incentive-program

Last session, House Resolution 5834 would have directed the PUC, OER and the RI Department of Environmental Management to examine issues regarding electric rates and rate reform strategies.

https://webserver.rilegislature.gov/BillText/BillText25/HouseText25/H5834.pdf

Our office supported the resolution, filing testimony that referred the hearing committee to the Institute for Local Self-Reliance's report *Upcharge: Hidden Cost of Utility Monopoly Power* (May 30, 2024) which concludes, in part, that

> The distribution monopoly grants utilities gatekeeping power over transmission, generation, energy efficiency, and data. With regulators outgunned by the utilities they are supposed to oversee, the failures of the monopoly utility system illustrate the failure of private monopoly control over a public service.

https://ilsr.org/articles/report-upcharge-electric-utility-monopoly/.

The utility critiqued the resolution testifying that "Rhode Island Energy is not aware of any comprehensive analysis or finding by state regulators or other state agencies that existing electric rates "jeopardize" or are "a constant obstacle" to the state's decarbonization goals." The Division of Public Utilities and Carriers joined in the utility skepticism, testifying that RI's renewable energy programming "incurs significant costs resulting from several components that drive up ratepayer electric bills including (1) transmission, (2) supply and (3) distribution." Without support from any comprehensive cost benefit analysis they conjectured, "The projected cost increases are not sustainable, as evidenced by understandable ratepayer reaction to current bill impact." Resolution 5834 did not pass.

President Dwight Eisenhower famously said, "Whenever I run into a problem I can't solve, I always make it bigger. I can never solve it by trying to make it smaller, but if I make it big enough, I can begin to see the outlines of a solution." Across North America smart leaders are reworking energy - instead of doubling down on unaffordable infrastructure, they are using flexible resources like managed demand, efficiency, local generation and energy storage to attack high peak energy costs while improving energy security. They call this "virtual power plants." The North American Electric Reliability Corporation's 2024 Summer Reliability Assessment, found that seven areas of North America's electric grid are at great risk of supply shortfalls, including parts of Texas, the Midcontinent Independent System Operator territory, and New England. The US Department of Energy counted more than 500 VPPs in North America with up to 60 gigawatts of total capacity as of 2023. DOE expects that VPPs could scale up to 160 gigawatts and serve almost twenty percent of the projected 802 gigawatts of U.S. peak load, reducing power system costs by $10 billion annually.

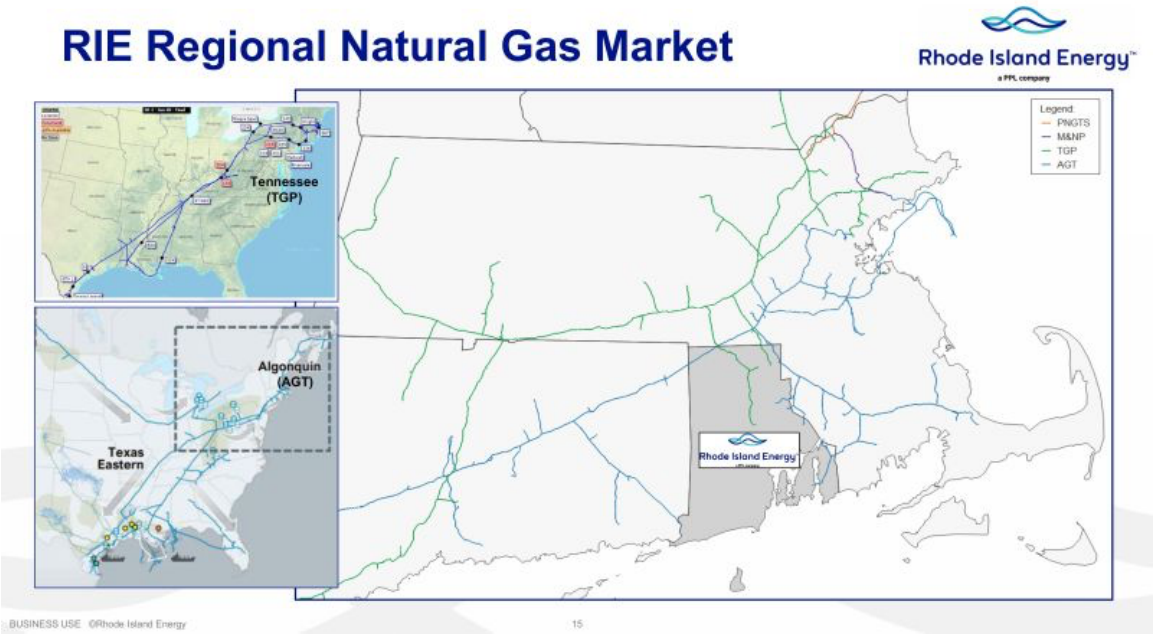
In planning for the future of Rhode Island's energy system and figuring out how to meet our net-zero mandate, we need to be willing to explore a wide range technologies and innovative solutions. A new report from Energy Innovation describes one such innovation: "Energy Parks," or networks that connect renewable energy generation, storage, and energy customers to create a resilient and largely self-sufficient network, with interconnection to the larger power grid to export or import power as needed. The energy park concept is essentially a scaled-up version of a microgrid, a model that is already being successfully implemented in business and institutional campuses and other communities around the world. This report explores the various benefits in efficiency, cost, and reliability that can result from expanding the system and adding in more types of energy generation and storage. Renewable energy projects in California and Oregon are already engaging in this model. Rhode Island would be wise to consider models like this as we transition to a clean and self-reliant energy system.

https://energyinnovation.org/wp-content/uploads/Energy-Parks-Report.pdf

We need not reinvent any wheels here in little RI – there are plenty of great examples of leadership we can and must build on to reduce winter electric rates.

II. Winter Heat

Rhode Island is so small, and our gas system is so limited, that gas interests have few pipelines bringing their natural gas into our state. The lines only reach the north and eastern most parts of the state. Western Rhode Island still has no access to gas – it heats with "delivered fuels" (oil, propane) or electric resistance systems. With limited pipeline service, even many of those located right on the gas distribution system rely on liquified natural gas brought in ships and stored in terminals on our coast. In January 2019, a natural gas shortage shut down gas service to 7500 customers on Aquidneck Island. Heating homes and businesses with oil, propane or electric resistance systems is very expensive. A Renewable Thermal Market Development Report (January 2017), concluded that residences that switched from fuel oil or electric resistance heating systems to heat pumps would save $650 or $1780 a year respectively, and commercial customers would save $5600 and $14,670 respectively. Despite such longstanding findings and plans, our state still is not implementing a comprehensive strategy to transition western Rhode Island to a better source of heat.



All the great experts behind RI's Energy Plan (*Energy 2035*) concluded that "Increasing the use of Renewable Thermal technologies will lead to an increase in fuel diversity across the thermal energy sector, helping to reduce Rhode Island's vulnerability to disruptions in energy infrastructure, increase consumer choice, and synergize with the increasing deployment of distributed renewable electricity generation (e.g. electric heat pumps)." They said that a major investment in Renewable Thermal will provide a net benefit to the state as a whole with near-zero impacts on energy affordability while contributing to economic growth and job creation. Growing a renewable thermal market will also help to drive the technology cost reductions needed to provide energy savings to consumers and provide greater energy price stability through reduced reliance on volatile national and global fossil fuel markets.

In 2017, following on Energy 2035, our firm participated as stakeholders in RI OER's study and report on the impacts of converting our fossil fuel thermal systems to the alternatives. *Rhode Island Renewable Thermal Market Development Strategy*, Meister Consultant Group (Jan. 2017)

https://energy.ri.gov/resources/resource-library/rhode-island-renewable-thermal-market-development-strategy

The resulting report clearly showed that a Clean Heat Standard would provide clear signals for private investment helping the state unlock economic opportunity. Even if it only converted only 5% of customers off of natural gas that alone would produce as much as $193 million in lifetime net benefits, including employment and environmental impacts, and reduced vulnerability to disruptions in energy infrastructure, increase consumer choice, and synergies with increasing distributed generation systems. p. 4-5. "Increasing the use of RT technologies will lead to an increase in fuel diversity across the thermal energy sector, helping to reduce Rhode Island's vulnerability to disruptions in energy infrastructure, increase consumer choice, and synergize with the increasing deployment of distributed renewable electricity generation (e.g. electric heat pumps)." p. 10. Such a program would produce a net increase of 165 jobs on average from 2017 to 2055, generating more than 500 jobs at its peak. p. 5. Scaling renewable thermal would lead to significant emissions benefits, avoiding 2.2 million tons CO2e over the life of a program that meets 5% of the state's RT load, or an average of more than 60 thousand tons per year over the life of the measures. p. 5. Yet, the report pointedly noted that one market barrier to bringing such benefits to RI is that renewable thermal technologies tend to receive too little public policy support. p. 34

In the PUC's pending *Future of Gas* proceeding, the PUC's consultant Energy Environmental Economics (E3) studied our thermal transition. Their resulting report indicates that RI will face $2.6 billion in unrecovered rate base in 2050, unless a managed transition can avoid up to 50% of capital replacements. p. 6, 8 It says that through targeted electrification, annual costs of the system could be reduced by up to 35% by 2050, while reducing potentially unrecovered rate base to $1.5 billion. Such savings can then be reinvested as financial incentives needed to usher in the electrification transition that would result from a Clean Heat Standard.

It is past time for Rhode Island to provide and implement a thermal energy transition plan for everyone. All citizens deserve coordinated and facilitated access to our most affordable and best sources of energy. The state has an essential role in providing for a quick, coordinated and effective transition. When implemented comprehensively and at scale, properly planned thermal energy systems will bring us all savings, more energy security, and better heat.

There are many examples of effective emissions (and cost) reduction strategies for buildings from other jurisdictions. The prominence of district heating in many jurisdictions—reaching 63%, 50%, and 45% market share in Denmark, Sweden, and Finland respectively (Euroheat & Power, 2015; Froning, 2013; Skoldberg & Ryden, 2014; Vainio et al., 2015) - and the ability to utilize centralized, large-scale sources of renewable thermal energy (e.g. biomass CHP, district-scale heat pumps, large-scale solar thermal) in district heating networks has been important to scale up the market in those jurisdictions. The Rhode Island Renewable Thermal Market Development Strategy, p. 22. RI Energy engaged EnergyHub on the implementation of its "Connected Solutions" program here in RI. Yet, EnergyHub has worked at much greater scale and with much more cost effectiveness to implement its virtual power plant strategy (using distributed energy solutions to displace the need for conventional energy supply and infrastructure investment) all across the country, including Arizona.

https://www.energyhub.com/resource/arizona-public-service-case-study-download

A quick glance at EnergyHub's website shows the great extent of savings opportunities for RI.

https://www.energyhub.com/resources

There are good examples for RI to follow in delivering on the many benefits of a renewable thermal transition.

Yet, here at home in RI, we have been unable to spark such a needed transition. In our last legislative session S91 proposed a Building Decarbonization Act.

https://webserver.rilegislature.gov/BillText/BillText25/SenateText25/S0091.pdf

Our firm supported that bill. We testified, *Energy 2035*'s conclusion that "Increasing the use of Renewable Thermal technologies will lead to an increase in fuel diversity across the thermal energy sector, helping to reduce Rhode Island's vulnerability to disruptions in energy infrastructure, increase consumer choice, and synergize with the increasing deployment of distributed renewable electricity generation (e.g. electric heat pumps)." We cited OER's 2017 Rhode Island Renewable Thermal Market Development Strategy for its conclusion that transitioning even just 5% of our thermal systems off of gas can generate over $193 million in lifetime net benefits.

But, RI Energy complained that the bill lacked a "transparent, data-driven analysis prior to advancement, such that policymakers and other stakeholders understand its implications for consumer affordability and the state's economy." The Division of Public Utilities and Carriers yet again followed our utility's lead, opposing the bill. Even the Governor's own Office of Energy Resources, the same agency that invested in and led the development of Energy 2035 and the 2017 Renewable Thermal Market Development Strategy objected testifying that "benchmarking and performance standards would be costly programs to operate."

Despite the great overweight of volumes of supporting testimony, the Building Decarbonization Act did not make it out of committee.

S407 proposed a Clean Heat Standard and suffered the same sorry fate.

https://webserver.rilegislature.gov/BillText/BillText25/SenateText25/S0407.pdf

That bill would have implemented a system of tradeable clean heat credits earned from the delivery of clean heat measures that reduce greenhouse gas emissions. We supported, again noting our firm's engagement in the 2017 Renewable Thermal Market Development Strategy that expressly recommended that RI adopt a Clean Heat Standard that could be used to raise the funds needed to make the transition to clean buildings possible. pp. 36-53. The report indicated that a Clean Heat Standard would provide clear signals for private investment helping the state unlock economic opportunity, producing as much as $193 million in lifetime net benefits, including employment and environmental impacts, and reduced vulnerability to disruptions in energy infrastructure, increase consumer choice, and synergies with increasing distributed generation systems. p. 4-5.

Our testimony also referred the senate committee to the PUC's pending Future of Gas proceeding, where the PUC's consultant E3 studied our thermal transition. Their report indicates that RI will face $2.6 billion in unrecovered rate base in 2050, unless a managed transition can avoid up to 50% of capital replacements. p. 6, 8 It says that through targeted electrification, annual costs of the system could be reduced by up to 35% by 2050, while reducing potentially unrecovered rate base to $1.5 billion.

Once again (of course), RI Energy opposed the Clean Heat Standard, testifying that "While the underlying premise of a clean heat standard may have some merit, notably absent is any cost impact analysis that might inform its consideration or prepare Ocean State families and businesses for increased heating bills stemming from its implementation." RI Energy referred the general assembly to "a January 2025 report issued by the Vermont Public Utilities Commission (VT PUC) which purportedly found that a similar mandate would cost Vermonters more than $955 million in its first ten years alone." The RI Division of Public Utilities and Carriers once again followed the utility raising "serious reservations about the potential cost to ratepayers" and obliquely referencing the "overall function of the clean heat standard" and its "administrative costs." The Commission then followed suit, testifying that "[a]t a high level, the program cost twice more than the value of avoided greenhouse gas emissions over the first 10-year period" citing the same VT PUC study for its support. The Clean Heat Standard also died in committee.

III. Energy Security

RI's great overreliance on natural gas is also very well known to be a major and unsustainable energy security issue. Our own experts that developed Energy 2035 concluded that our energy security was threatened by over-reliance on a single fuel for our electricity and heat, natural gas. The plan emphasizes the importance of enhancing our energy security by reducing our over-reliance on natural gas. It defines fuel diversity as a risk management strategy that seeks to mitigate the potentially harmful effects of disproportionate reliance on certain fuels by expanding the portfolio of demand and supply sources used to provide energy services (p 38). . . viable demand- and supply-side options exist for Rhode Island to increase in-state fuel diversity and increase energy security by shifting away from dependence on fuels like natural gas and gasoline. (p 41) Rhode Island's all-of-the-above clean energy framework should maximize energy efficiency in all sectors; promote local and regional renewable energy; develop markets for alternative thermal and transportation fuels; make strategic investments in energy infrastructure; mobilize capital and reduce costs; reduce greenhouse gas emissions; and lead by example. (p 56)

As its baseline Energy 2035 documented that 93% of RI's electric supply and 60% of its supply of thermal energy was fueled by natural gas. (p. 43)

In 2024, the PUC's consultant for the Future of Gas (E3) worked with expert stakeholders to develop recommendations regarding "the Future of Gas." As its baseline, the consultant report notes that "[t]oday, Rhode Island's energy system relies primarily on petroleum and natural gas" (p 56) and that "over half the building stock is heated by natural gas" (p 19).

Conclusion

Over many years, Rhode Island has repeatedly hired experts and engaged stakeholders to investigate our deep energy cost and security problems. They have consistently come up with the same conclusions.

Rhode Island cannot achieve our plan *Energy 2035* without bold steps to reduce our overreliance on natural gas increase our reliance on local distributed energy solutions like demand side management (time of use rates), accelerated energy efficiency, local renewable energy and storage. Renewable energy will diversify the state's energy supply portfolio, help mitigate long-term energy price volatility, stimulate the state's economy through industry growth and job creation, and set Rhode Island on pace to meet ambitious greenhouse gas emission reduction targets. (p 62) State Guide Plan Element: Energy 2035 (October 8, 2015).

https://planning.ri.gov/sites/g/files/xkgbur826/files/documents/LU/energy/energy15.pdf

It is long past time that we act on our longstanding and pertinent recommendations and the examples of cost effective and security enhancing solutions that surround us.