

Testimony in support of a Potential Natural Gas Moratorium On Aquidneck Island (Docket No. SB-2021-04)

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Dates of public hearings: August 20, 2025 and August 27, 2025

To chairman Gerwatowski and the members of the State of Rhode Island Energy Facility Siting Board,

I support the the gas moratorium out of the following reasons:

1. To reach the greenhouse gas reduction mandates of the RI Act on Climate, we need to rapidly move towards electrification and renewable energy sources. Investing in this context into new natural gas infrastructure is counterproductive and leads to future stranded assets. The better way is to instead invest into heat pumps, all-electric building, solar and battery storage that would avoid the need of burning gas, and its related health and climate impact.
2. Renewables are, over the lifetime of the installation, less expensive than gas, and their cost advantage has been increasing rapidly, a trend that is projected to continue. It would be irresponsible and financially not prudent to burden the rate payers and building owners with gas as the costlier alternative. Instead, we should use the current opportunity to motivate and incentivize towards electrification.
3. It is a myth that renewables are causing higher electricity rates or create energy insecurity. The truth is that they stabilize electric rates and supply reliability by adding additional resources to electricity generation and by avoiding the volatility of gas prices.
4. 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. 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.

Why would we disregard the report's conclusion and invest into more gas infrastructure, instead of using the cost-saving opportunity to instead move to renewable energy?

5. 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. . . 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.

Investing into gas-infrastructure would be just another case to invest in a solution that is more expensive than necessary, compared to investing into renewable solutions instead.

Please support the moratorium, and also do NOT approve to seasonally mobilize and operate the liquified natural gas ("LNG") vaporization facility at property located on Old Mill Lane in Portsmouth.

Thank you very much for considering my input.



Dr. Hans Scholl

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