

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF ADMINISTRATION
OFFICE OF ENERGY RESOURCES



2014 PLAN FOR THE ALLOCATION AND DISTRIBUTION OF REGIONAL
GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS
Auctions Held March 13, 2013 – December 4, 2013

August 2014

1.0 Authority

This Allocation Plan is authorized by Rhode Island General Laws (hereinafter, "RIGL") §§23-82-1 et seq. and 42-140-9 and the "Rules and Regulations for the Allocation and Distribution of Regional Greenhouse Gas Initiative Proceeds," effective August 2011.

2.0 Definitions

For the purposes of this Allocation Plan, the terms defined in RIGL §§23-82-1 et seq. and the "Rules and Regulations for the Allocation and Distribution of Regional Greenhouse Gas Initiative Proceeds," effective August 2011 shall be given the same meaning as provided in the statute and regulations.

3.0 Auction Proceeds included in this Allocation Plan

3.1 RGGI, Inc. conducted auctions on behalf of the State of Rhode Island on March 13, 2013, June 5, 2013, September 4, 2013 and December 4, 2013.

3.2 These auctions resulted in the following Auction Proceeds for the State of Rhode Island:

March 13, 2013	\$1,750,708.40
June 5, 2013	\$2,089,389.00
September 4, 2013	\$1,669,428.18
December 4, 2013	\$1,875,762.00
Total	(\$7,385,287.58)

4.0 Adoption of the 2014 Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds

4.1 The Rhode Island Regional Greenhouse Gas Initiative Act provides for the use of Auction Proceeds. RIGL §23-82-6 requires that the Auction Proceeds be used for the benefit of energy consumers through investment in the most cost-effective available projects that can reduce long-term consumer energy demands and costs. The annual auction proceeds proposal shall be designed to augment and coordinate with existing

energy efficiency and renewable energy programs, and shall not propose use of auction proceeds for projects already fully funded under other programs.

- 4.2. The Rhode Island Office of Energy Resources (“Office” or “OER”) is authorized to allocate the auction proceeds for the following purposes, in a proportion to be determined annually by the Office in consultation with the Rhode Island Energy Efficiency and Resources Management Council (“Council”) and the Rhode Island Renewable Energy Coordinating Board (“Board”):
- (1) Promotion of cost-effective energy efficiency and conservation in order to achieve the purposes of section 39-1-27.7;
 - (2) Promotion of cost-effective renewable non-carbon emitting energy technologies in Rhode Island as defined in RIGL §39-26-5 and to achieve the purposes of chapter 39-26 entitled “Renewable Energy Standard”.
 - (3) Cost-effective direct rate relief for consumers;
 - (4) Direct rate relief for low-income consumers;
 - (5) Reasonable compensation to RGGI, Inc.; and
 - (6) Reasonable costs of the Department and Office in administering this program.
- 4.3 To accomplish these purposes, the Office also consulted with the Rhode Island Department of Environmental Management (“Department”) and Commerce RI to discuss the 2014 Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds (“Plan”). The Plan establishes how the Auction Proceeds for the auctions held on March 13, 2013, June 5, 2013, September 4, 2013 and December 4, 2013 shall be expended.
- 4.4 The Office concludes that this Plan is consistent with the applicable statutes and regulations. Public notice of the proposed Plan was provided on June 2, 2014. A copy of the Notice is attached hereto. A public comment hearing was held on July 2, 2014 at the Department of Administration, One Capitol Hill, Providence, Rhode Island. The public was allowed additional time to submit written comments until July 12, 2014.

- 4.5 The Office has responded to all substantive comments received on the Plan and are provided in the attached document entitled Response to Comments.
- 4.6 The Office and Department agree that the Plan was adopted in accordance with RIGL §23-82-6; “Rules and Regulations for the Allocation and Distribution of Regional Greenhouse Gas Initiative Proceeds” and Chapter 42-35, the Administrative Procedures Act.
- 5.0 2014 Allocation of Auction Proceeds
- 5.1 Compensation to RGGI, Inc.
- 5.1.1 RIGL §23-82-6(a)(5) authorizes the reasonable compensation of an entity to administer the auction on behalf of the State of Rhode Island. RGGI, Inc. is the entity that conducted the auctions on March 13, 2013; June 5, 2013; September 4, 2013 and December 4, 2013.
- 5.1.2 Wherefore, RGGI, Inc. was compensated \$24,791.86 from the auction proceeds.
- 5.2 Administrative expenses to Office and Department
- 5.2.1 RIGL §23-82-6(a)(6) authorizes the reasonable costs of the Department and Office in administering the RGGI program. The total reimbursement to both entities shall not in any year exceed Three Hundred Thousand Dollars (\$300,000) or five percent (5%) of the proceeds, whichever is less.
- 5.2.2 The Auction Proceeds for the twenty two (22) RGGI auctions occurring prior to the date of this Plan total \$25,363,132.31. Five percent of these proceeds equal \$1,268,156.62. The statute limits reimbursement of administrative costs to the lesser of five percent or \$300,000. Three Hundred Thousand Dollars is less than \$1,268,156.62. Therefore,

DEM and OER are authorized to be reimbursed \$300,000 for their administrative costs in year 2013.

5.2.3 The maximum statutory reimbursement for 2013 is \$300,000. Therefore, DEM and OER shall each be reimbursed \$150,000 for their reasonable costs in 2013.

5.3 Allocation of Auction Proceeds

5.3.1 The Auction Proceeds for the RGGI auctions conducted on March 13, 2013; June 5, 2013; September 4, 2013 and December 4, 2013 were \$7,385,287.58. After deducting the compensation for RGGI, Inc. and the administrative expense reimbursement to the Office and Department, as specified in sections 5.1 and 5.2, the balance remaining is **\$7,060,495.72**.

5.3.2 The Office finds that allocating the balance of the Auction Proceeds set forth in Paragraph 5.3.1 herein for the promotion of cost-effective energy efficiency and conservation; and the promotion of cost-effective renewable non-carbon emitting energy technologies in an integrated manner shall be best accomplished by disbursements as follows: at least 60 percent of the Auction Proceeds shall be allocated for direct energy efficiency investments, consistent with previously-identified OER Strategic Priorities, and the remaining proceeds shall be allocated to projects related to the integration of energy efficiency and renewable energy.

5.3.2.a **\$3,635,495.72 (Three Million, Six Hundred Thirty Five Thousand, Four Hundred Ninety Five Dollars and Seventy-Two Cents)** shall be allocated for Residential, Income Eligible, Commercial and Industrial electric efficiency programs managed and delivered by National Grid (“Utility”). Support for these energy efficiency programs is consistent with Least Cost Procurement mandates; helps achieve lowest cost, carbon-free energy savings; and supports local economic investment and job growth. These funds will also have a direct impact on lowering the ratepayer System Benefit Charge.

Funding for this program shall be tracked and managed in a shadow account at the Utility and shall only be used to support investment in electric energy efficiency programs. The specific programs and process for distribution of the funds will be developed by the OER working in conjunction with the Council and the Utility.

5.3.2.b **\$500,00.00 (Five Hundred Thousand Dollars)** shall be allocated for electric efficiency and renewable energy projects at Rhode Island state buildings, consistent with the State of Rhode Island’s “Lead by Example” Initiative and the goals of the Rhode Island Public Energy Partnership (“RIPEP”). A project funded by the United States Department of Energy, RIPEP is a three-year collaborative effort to achieve deep energy savings at public sector facilities, and build a sustained, effective infrastructure for ongoing savings. Key components of this project include the benchmarking of energy consumption at such facilities, and the identification and mitigation of barriers to efficiency improvements.

This program will assist state agencies in making cost effective investments in energy efficiency and renewable energy by having additional funding made available through negotiated incentives. Energy efficiency improvements at buildings and facilities owned and operated by the state will reduce energy consumption and utility costs, while supporting local economic growth and job creation. Consequently, these projects will benefit taxpayers in Rhode Island and advance the state’s energy and environmental goals.

This program will be administered by the OER and will seek to leverage other existing incentives, funding streams, and programs, where appropriate.

5.3.2.c **\$775,000.00 (Seven Hundred and Seventy Five Thousand Dollars)** shall be allocated to assist state agencies and municipalities with making cost effective investments in LED (light emitting diode) lighting and control technology as part of the State of Rhode Island “Lead by Example” Initiative. This program will be implemented in a phased approach.

Phase I - \$50,000.00 shall be allocated to the Rhode Island Department of Transportation (“DOT”) for a Highway Street Light Pilot Project. The DOT will replace approximately 140 highway street lights located on Route 295 and the off-ramps to Route 44 from traditional high pressure sodium lights to more efficient LEDs. In addition, the DOT will install controller equipment which will improve their ability to manage energy usage, while meeting safety requirements. Upgrading streetlights to more efficient bulbs and installing control technologies has the potential to reduce electric usage, improve the quality of lighting for highway safety, mitigate or defer maintenance costs, and ultimately benefit Rhode Island taxpayers. The OER will administer this pilot program in partnership with the DOT and seek to leverage existing incentives and other programs made available by the Utility. The DOT and OER will also enter into a Memorandum of Understanding (“MOU”) to share pilot data and experience, which will be utilized to report on identified successes and challenges, as well as help inform future projects and investment decisions.

Phase II – \$200,000.00 shall be allocated to DOT to expand LED replacement and controller technology across their entire network of streetlights. This Street Light Project Expansion will be informed by and dependent on a successful Pilot project. DOT will expand the installation of LEDs and control technology to streetlights located throughout the State. The OER will administer this program in partnership with the DOT and seek to leverage existing incentives and other programs made available by the Utility.

Phase III – \$525,000.00 shall be allocated for use by Rhode Island municipalities to support the installation of LED streetlights and control technology. This program will be informed by the DOT pilot project experience. This program will be administered by the OER in consultation with the Council and other stakeholders.

5.3.2.d **\$1,300,000.00 (One Million Three Hundred Thousand Dollars)** shall be allocated, through a Continuous Recruitment, for renewable energy projects at Rhode Island public and private schools (K-12). Proposals must include an educational program as part of the project to support the understanding of renewable energy and utilize data gathered from

the project itself. Applications which meet the threshold criteria will be ranked based on energy savings, cost effectiveness, and the educational component of the project. Priority will be given to schools which benchmark their energy usage and/or have implemented significant energy efficiency measures at their facilities. The OER will administer this program and will seek to leverage existing incentives made available through the Renewable Energy Fund (“REF”) and other programs.

5.3.2.e **\$600,000.00 (Six Hundred Thousand Dollars)** shall be allocated for use by Rhode Island municipalities and state agencies to install at least one Level II electric vehicle charging station (also known as “EVSE,” or Electric Vehicle Supply Equipment) at publicly-accessible facilities, and to pay the cost differential between the purchase of a representative gasoline vehicle and either a plug-in electric vehicle or an electric/hybrid vehicle. To offset any new electrical demand, these investments must be paired with the installation of a renewable energy project sized to meet or exceed the expected new electric load from the EVSE. When combined, the program will help advance the state’s “Lead by Example” initiative; reduce state and local carbon footprints; support local economic growth and job creation; and help achieve Rhode Island's energy goals.

In order to be eligible for this initiative, municipalities and state agencies will be required to install a solar photovoltaic (PVE) or other eligible renewable project to, at minimum, offset the electricity that will be used by the EVSE. Municipalities actively supporting a Solarize campaign in their community will also qualify to meet this criterion. Renewable energy projects recently awarded by the K-12 schools program or supported through the REF can be used to meet this eligibility requirement. Funding may be made available through this project to assist eligible applicants make this required investment in renewable energy, but only after all available REF or Utility incentives have been utilized. Eligible entities may also apply for funding through the K-12 schools program detailed in section 5.3.2.d above, and projects awarded through that program will count toward the renewable requirement under 5.3.2.e.

The OER will administer this program and seek partnership with entities such as Ocean State Clean Cities to help effectively engage municipalities and state agencies, reduce barriers to participation, and coordinate procurement activities.

5.3.2.f **\$125,000.00 (One Hundred Twenty-Five Thousand Dollars)** shall be allocated to support matching grants for private institutions and non-profit entities that seek to install at least one Level II electric vehicle charging station (“EVSE”). Eligible recipients must employ at least ten (10) employees and will have to demonstrate a commitment to clean energy through the recent or pending installation of renewable generation projects (such as those funded by the REF or ARRA) and/or investments in energy efficiency that, at minimum, offset the expected new load from the EVSE. Participating entities will also be required to demonstrate how their company or organization is supporting or will support workplace/workforce adoption of clean energy transportation. Such efforts may include, but are not limited to, the integration of PEVs into company fleets and/or the establishment of employee incentives to encourage the purchase of PEVs as a commuting vehicle.

The OER will administer this program and utilize competitive procurement processes, as appropriate, to maximize value and encourage innovation.

5.3.2.g **\$125,000.00 (One Hundred and Twenty Five Thousand Dollars)** will be made available to the state’s two Municipal Electric Utilities (“MEUs”) - Pascoag Utility District and Block Island Power Company – for energy efficiency, renewable energy, and other cost effective, electric-based clean energy investments.

Initially, this funding will be made available in equal parts to the MEUs. Following finalization of the Plan, the MEUs will have six months to submit a detailed plan on how they propose to utilize the funds. The OER will administer this initiative and provide technical assistance for program development and implementation, as requested by the MEUs. MEUs awarded funding will also be required to enter into an MOU with the

OER which will, at minimum, allow for the sharing of energy usage and consumption data related to investments made utilizing these funds.

5.4 Tracking and Reporting

- 5.4.1 The Utility shall prepare programmatic and financial quarterly reports, and an annual report, for programs managed by the Utility that utilize RGGI funding according to the terms of the Plan, including those programs described in section 5.3.2.a. The reports shall include, at minimum, a detailed description of: (1) program components; (2) project costs; and (3) program benefits, including energy and cost savings wherever applicable.
- 5.4.2 The Utility shall prepare a report which shall include a list with the names of the entities receiving funding. This information shall be public information. The report shall be submitted to the Office.
- 5.4.3 Consistent with the OER's reporting requirement under RIGL 23-82-6(d), all recipients of RGGI funding are required to comply with OER data and reporting requests, including, but not limited to, those reporting requirements specified in procurement documents and/or any memoranda of understanding.



STATE OF RHODE ISLAND

OFFICE OF ENERGY RESOURCES

NOTICE OF PUBLIC COMMENT AND PUBLIC HEARING

PROPOSED 2014 PLAN FOR THE ALLOCATION AND DISTRIBUTION OF REGIONAL GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS

The Rhode Island Office of Energy Resources proposes the "2014 Plan for The Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds" and gives notice of intent to hold a public hearing to receive public comment on the proposed Plan and to afford interested parties an opportunity to submit data, views, or arguments orally and/or in writing on the proposed Plan.

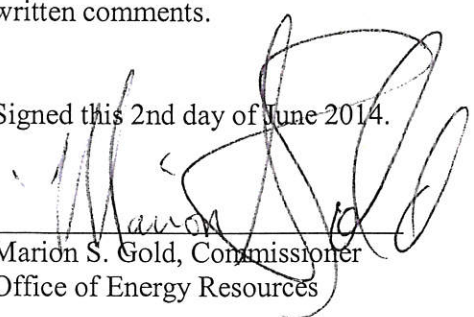
The public hearing will be held on **July 2, 2014 at 1:00 p.m.** in Conference Room A, Second Floor of the Powers Building, One Capitol Hill, Providence, Rhode Island. The hearing room is accessible to the handicapped. A stenographic record of the hearing will be made. The Department of Administration will provide interpreter services for the hearing impaired, provided such a request is made at least three (3) business days prior to the hearing date. Requests for such services may be made in writing or by calling TTY (711) or (401) 222-5300.

The proposed 2014 Allocation Plan allocates and distributes 2013 auction proceeds from the Rhode Island Regional Greenhouse Gas Initiative Program. Copies of the proposed 2014 Plan can be obtained at the Office, at www.energy.ri.gov, or by calling (401) 574-9105 weekdays from 8:30 A.M. to 4:00 P.M. or by writing to:

Rhode Island Department of Administration
Office of Energy Resources
One Capitol Hill
Providence, Rhode Island

The Department encourages the submission of written comments. Written comments may be submitted by mail prior to the date of the public hearing at the address indicated above, or by hand-delivery during the public hearing. The public record will be kept open for ten (10) calendar days following the conclusion of the public hearing to allow additional time for the submission of written comments.

Signed this 2nd day of June 2014.



Marion S. Gold, Commissioner
Office of Energy Resources