

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



2017-A PLAN FOR THE ALLOCATION AND DISTRIBUTION OF REGIONAL
GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS

Auctions Held September 7, 2016 & December 7, 2016

June 2017

1.0 Authority

The 2017-A Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds (Plan) is authorized by Rhode Island General Laws (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 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 Plan

3.1 RGGI, Inc. conducted auctions on behalf of the State of Rhode Island on September 7, 2016 (Auction #33) and December 7, 2016 (Auction #34).

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

Auction #33	\$2,040,770.86
Auction #34	\$1,595,756.95
Total	\$3,636,527.81

4.0 Adoption of the 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 (OER) is authorized to allocate the auction proceeds for the following purposes, in a proportion to be determined annually by OER in consultation with the Rhode Island Department of Environmental Management (DEM) and the Rhode Island Energy Efficiency and Resources Management Council (EERMC):
- (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 OER and the Department of Environmental Management (DEM) in administering this program.
- 4.3 OER concludes that this Plan is consistent with the applicable statutes and regulations. Public notice of the proposed Plan was provided on May 1, 2017. A copy of the Notice is attached hereto. A public comment hearing was held on June 1, 2017 at the Department of Administration, One Capitol Hill, Providence, Rhode Island. The public was allowed additional time to submit written comments until June 11, 2017.
- 4.4 OER has responded to all substantive comments received on the Plan and are provided in the attached document entitled Response to Comments.

4.5 OER and DEM 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 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. RIGGI, Inc. is the entity that conducted the auctions listed in Section 3.0.

5.1.2 RGGI Inc. was not compensated from Auction 33 or Auction 34 proceeds.

5.2 Administrative expenses

5.2.1 RIGL §23-82-6(a)(6) authorizes the reasonable costs of OER and DEM in administering the RGGI program. The total reimbursement to both entities shall not in any year exceed Three Hundred Thousand Dollars (\$300,000.00) or ten percent (10.0%) of the proceeds, whichever is greater.

5.2.2 Ten percent (10.0%) of total auction proceeds from Auctions 33 and 34 total \$363,652.78. This value is greater than \$300,000. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$181,826.39.

5.3 Interest Accrued on RGGI Proceeds

5.3.1 OER has identified \$163,134.97 of previously unallocated accrued interest payments on state RGGI auction proceeds as of March 31, 2017.

5.4 Allocation of Net RGGI Proceeds

5.4.1 After accounting for compensation for RGGI Inc., administrative expense reimbursement to OER and DEM, and accrued interest, as specified in Sections 5.1, 5.2, and 5.3, the balance available for programmatic allocation is **\$3,436,010.00**

5.4.2 OER finds that allocating the balance of the Auction Proceeds set forth in Paragraph 5.4.1 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:

5.4.2.a **\$3,025,270.98 (Three Million, Twenty Five Thousand, Two Hundred Seventy Dollars and Ninety-Eight Cents)** shall be allocated to the Rhode Island Commerce Corporation's Renewable Energy Fund (REF), which is dedicated to increasing the role of renewable energy throughout the state. REF provides grants for renewable energy projects with the potential to make electricity in a cleaner, more sustainable manner, while stimulating job growth in the green technology and energy sectors of Rhode Island's economy.

5.4.2.b **\$110,000.00 (One Hundred and Ten Thousand Dollars)** shall be allocated to support the Rhode Island Department of Environmental Management's (DEM) Energy-Saving Trees Program, which helps homeowners conserve energy and reduce their utility costs. Trees play an important role in cooling streets and homes, filtering air, and reducing stormwater pollution. DEM's program is operated in coordination with the Arbor Day Foundation and the Rhode Island Tree Council.

5.4.2.c **\$250,000.00 (Two Hundred and Fifty Thousand Dollars)** shall be allocated to DEM to support the Rhode Island Agricultural Energy Grant Program, a collaborative project of DEM, OER, and the Rhode Island Resource Conservation & Development Area Council (RI RC&D). This program, which is implemented through RI RC&D's Farm Energy

Program, helps local farmers "green" their operations and benefit from the related energy and cost savings achieved through energy efficiency and renewable energy projects. OER will coordinate with DEM on future implementation of this program to support alignment with other existing clean energy initiatives available to Rhode Island's agricultural community. RGGI funds may be leveraged with other sources of capital to help local farmers implement clean energy projects. Such sources include, but are not limited to, the Rhode Island Renewable Energy Fund, USDA's Rural Energy for America Program (REAP), and utility-administered energy efficiency incentives.

5.4.2.d \$50,739.02 (Fifty Thousand and Seven Hundred Thirty Nine Dollars and Two Cents) shall be allocated for a new pilot program designed to help provide energy savings to low and moderate income (LMI) customers and expand the access of both energy efficiency, renewable thermal and solar PV technologies to under-served sectors. The program will be designed in coordination with RI Housing and National Grid to install solar PV and air source heat pumps in residential LMI properties that have undergone an energy efficiency audit and installed a number of energy efficiency measures.

6.0 Reallocation of RGGI funds from the 2012 Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds (adopted June 2013).

6.1 OER finds that \$1,630.00 of funds allocated pursuant to Section 5.4.2.a of the 2012 Plan (RIPEP) shall be reallocated to achieve the purposes of Section 5.4.2.d of the 2017-A Plan.

6.2 OER finds that \$649.75 of funds allocated pursuant to Section 5.4.2.c of the 2012 Plan (Systems Integration Consultant) shall be reallocated to achieve the purposes of Section 5.4.2d of the 2017-A Plan.

- 7.0 Reallocation of RGGI funds from the 2013 Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds (adopted February 2014).
- 7.1 OER finds that \$9,675.00 of funds allocated pursuant to Section 5.3.2.g of the 2013 Plan (Renewable Thermal Opportunities) shall be reallocated to achieve the purposes of Section 5.4.2.d of the 2017-A Plan.
- 8.0 Reallocation of RGGI funds from the 2014 Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds (adopted August 2014).
- 8.1 OER finds that \$17,306.23 of funds allocated pursuant to Section 5.3.2.g of the 2014 Plan (MEU Projects) shall be reallocated to achieve the purposes of Section 5.4.2.d of the 2017-A Plan.
- 9.0 Reallocation of RGGI funds from the 2015 Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds (adopted August 2015).
- 9.1 OER finds that \$20,000.00 of funds allocated pursuant to Section 5.3.2.c of the 2015 Plan (RIPEP) shall be reallocated to achieve the purposes of Section 5.4.2.d of the 2017-A Plan.
- 10.0 Tracking and Reporting
- 10.1 Consistent with 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.