

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



2019-A PLAN FOR THE ALLOCATION AND DISTRIBUTION OF  
REGIONAL GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS

Auctions Held June 13, 2018, September 5, 2018 & December 5, 2018

May 2019

**1.0 Authority**

The 2019-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.

**2.0 Definitions**

For the purposes of this Plan, the terms defined in RIGL §23-82-1 et seq. shall be given the same meaning as provided in the statute.

**3.0 Auction Proceeds included in the 2019-A RGGI Allocation Plan**

3.1 RGGI, Inc. conducted auctions on behalf of the State of Rhode Island on June 13, 2018 (Auction #40), September 5, 2018 (Auction #41) and December 5, 2018 (Auction #42).

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

Auction #40	\$85,634.04 [partial]
Auction #41	\$1,078,029.00
Auction #42	\$1,281,651.35
Total	\$2,445,314.39

3.3 The Auction #40 proceeds noted above are incremental funds identified by the Rhode Island Office of Energy Resources (OER) after approval of the state’s 2018-B Regional Greenhouse Gas Initiative (RGGI) Allocation Plan on August 30, 2018. The remainder of the state’s Auction #40 proceeds were allocated in the 2018-B Allocation Plan.

**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 statute. Public notice of the proposed Plan was provided on March 18, 2019. A copy of the Notice is attached hereto. A public comment hearing was held on April 18, 2019 at the Department of

Administration, One Capitol Hill, Providence, Rhode Island. The public was allowed additional time to submit written comments until April 29, 2018.

- 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; 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. RGGI, Inc. is the entity that conducted the auctions listed in Section 3.0.

5.1.2 RGGI Inc. was not compensated from Auction #40 [partial], Auction #41, or Auction #42 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 \$300,000.00 or 10.0% of the proceeds, whichever is greater.

5.2.2 Ten percent (10.0%) of total auction proceeds from Auction #40 [partial] and Auctions #41 and #42 total \$244,531.44. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$122,265.72.

### 5.3 Interest Accrued on RGGI Proceeds

5.3.1 OER has identified \$195,215.46 of unallocated accrued interest payments on state RGGI auction proceeds as of December 31, 2018.

### 5.4 Reallocation of RGGI funds from Previously-Approved Allocation Plans

5.4.1 OER finds that \$2,325.24 of funds allocated pursuant to Section 5.4.2.b of the 2012 Plan (EE projects at community buildings) shall be reallocated to achieve the purposes of the 2019-A Plan, as detailed in Section 5.5 below.

5.4.2 OER finds that \$67,500.00 of funds allocated pursuant to Section 5.3.2.d of the 2014 Plan (RE Projects at Schools Program) shall be reallocated to achieve the purposes of the 2019-A Plan, as detailed in Section 5.5 below.

5.4.3 OER finds that \$441,514.00 of funds allocated pursuant to Section 5.3.2.c of the 2015 Plan (RIPEP) shall be reallocated to achieve the purposes of the 2019-A Plan, as detailed in Section 5.5 below.

5.4.4 OER finds that \$89,007.07 of funds allocated pursuant to Section 5.3.2.g of the 2015 Plan (BI Saves EE Program) shall be reallocated to achieve the purposes of the 2019-A Plan, as detailed in Section 5.5 below.

5.4.5 OER finds that \$38,234.77 of funds allocated pursuant to Section 5.3.2.f of the 2015 Plan (Solarize) shall be reallocated to achieve the purposes of the 2019-A Plan, as detailed in Section 5.5 below.

5.4.6 OER finds that \$77,409.86 of funds allocated pursuant to Section 5.2.2.d of the 2016-A Plan (Solarize) shall be reallocated to achieve the purposes of the 2019-A Plan, as detailed in Section 5.5 below.

## 5.5 Allocation of Net RGGI Proceeds

5.5.1 After accounting for administrative expense reimbursement to OER and DEM, compensation to RGGI, Inc., interest accrued, and re-allocations, the net balance available for programmatic allocation is \$3,111,989.35.

5.5.2 OER finds that allocating the balance of the Auction Proceeds for the promotion of cost-effective energy efficiency and conservation and the promotion of cost-effective renewable non-carbon emitting energy technologies shall be best accomplished by disbursements as follows:

5.5.2.a **\$110,000.00** shall be allocated to support the DEM's 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.

5.5.2.b **\$250,000.00** 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.

5.5.2.c **\$1,000,000.00** shall be allocated to the Rhode Island Commerce Corporation's Renewable Energy Fund (REF) to support solar development on brownfields. The REF 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.

5.5.2.d **\$1,000,000.00** shall be allocated to the Rhode Island Commerce Corporation's Renewable Energy Fund (REF) to support grants related to carport solar PV projects under REF's Commercial Scale program.

5.5.2.e **\$601,989.35** shall be allocated to the Rhode Island Commerce Corporation's Renewable Energy Fund (REF) to support the small-scale and/or commercial-scale program for PV adoption by homeowners and small businesses.

5.5.2.f. **\$150,000.00** 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. Modeled after a similar program in Massachusetts, the program will be designed in coordination with Rhode Island Housing and National Grid to create a replicable zero-net energy building design, and to install solar PV and air source heat pumps in residential LMI properties that have installed a number of energy efficiency measures.

## **6.0 Tracking and Reporting**

6.1 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.