

State of Rhode Island
Rhode Island Office of Energy Resources

In re: Proposed 2020-B Allocation Plan – Distribution of RGGI Proceeds

RESPONSE TO COMMENTS

Introduction

On August 6, 2020, a notice was posted on the websites of the Rhode Island Office of Energy Resources (OER) and the Rhode Island Office of Secretary of State announcing a public comment period to accept comments on the adoption of the proposed “2020-B Allocation Plan - Distribution of Regional Greenhouse Gas Initiative Auction Proceeds” (the Plan). Due to COVID-19 health crisis and to protect the health and safety of our stakeholders, visitors and employees, the public hearing was held as a teleconference on September 8, 2020 at 11:00 A.M. The meeting was held through ZOOM, with instructions provided in the Notice of Public Hearing. Copies of the proposed Plan were made available on OER’s website at www.energy.ri.gov; or by calling (401) 574-9124 weekdays from 8:30 A.M. to 4:00 P.M.; or by writing to Rhode Island Office of Energy Resources, One Capitol Hill, Providence, Rhode Island.

The public hearing was held on September 8, 2020 at 11:00 A.M. No members of the public attended the public hearing. At the end of the public hearing, the public comment period was kept open for an additional ten (10) days to allow for the submission of written comments. The public comment period closed on September 18, 2020.

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by Northeastern and Mid-Atlantic States to reduce carbon dioxide emissions through implementation of a multi-state cap-and-trade program with a market-based emissions trading system. RGGI is composed of individual CO₂ Budget Trading Programs in each of the nine participating states. The Rhode Island Department of Environmental Management promulgated regulations establishing a CO₂ Budget Trading Program that limits emissions of CO₂ from electric power plants, issues CO₂ allowances and establishes participation in regional CO₂ allowance auctions. The states participating in RGGI formed a non-profit corporation (RGGI, Inc.) to provide administrative and technical services to support the development and implementation of each participating state’s CO₂ Budget Trading Program.

Pursuant to Rhode Island General Laws §23-82, RGGI, Inc. (or another independent contractor) is authorized to receive, hold and sell CO₂ allowances for the long-term benefit of consumers. The statute also authorizes RGGI, Inc. to conduct the auctions or sales; collect the auction proceeds; and transfer such proceeds to OER. OER then disburses the proceeds of the auction or sale for purposes consistent with the goals of the RGGI program as set forth in the statute.

Public Hearing

A public hearing on the proposed Plan was held on September 8, 2020. No one from the public attended the teleconference.

Response to Comments

The following is from written comments submitted by Hank Webster, Acadia Center, via e-mail on September 2, 2020:

Comment: ...To build upon the successes of the utility and OER heat pump investments to date, Acadia Center urges OER to implement the following program recommendations:

As the provider of the funding for heat pump incentives, OER has the power to extend eligibility to current utility gas customers. While delivered fuels customers are currently eligible, utility gas customers wishing to electrify their heating systems are currently excluded from the energy efficiency electrification incentives despite the fact that heat pumps are more than 300% more efficient than even the best gas furnaces...

Pair home energy audits and weatherization with heat pump installations...

Consider allowing eligibility for ground-source heat pumps which can be a particularly effective technology when incorporated into a buildings initial design or retrofit.

In closing, Acadia Center strongly supports OER's 2020-B proposed allocation of RGGI proceeds. These investments will deliver a significant benefit for all Rhode Islanders.

Response: Thank you for these comments. Due to the limited nature of these funds, OER is prioritizing incentives for ASHPs for oil and propane customers, where the likelihood of economic cost reductions are greatest. Regarding ground-source heat pumps, OER concurs that ground-source heat pumps can be an effective technology to support heating sector decarbonization, especially for new construction. Due to the limited nature of these funds, however, OER is prioritizing air source heat pump installations in existing oil and propane heated homes. This represents the largest thermal market in Rhode Island that will experience immediate operational cost savings from heat pump installations. Moreover, the upfront cost of ground-source heat pumps is often larger than air-source heat pumps, which suggests that incentives for ground source heat pumps may need to be higher.

The following is from written comments submitted by Jeremy McDiarmid and Sean Burke, The Northeast Clean Energy Council, via e-mail on September 18, 2020:

Comment: NECEC is particularly supportive of Sections 5.4.2.c-e of the RGGI Allocation Plan, which allocates funding to support enhanced incentives for ASHP, as well as for weatherization measures for small businesses and moderate-income homes.

Section 5.4.2.c

...This modest investment in ASHPs should serve to demonstrate their value as part of Rhode Island's energy portfolio and their ultimate incorporation into the state's long-term energy vision.

Sections 5.4.2.d-e

...NECEC strongly supports these two proposed allocations of RGGI funding. We urge OER, RIEERC, National Grid, and other energy efficiency stakeholders to view this allocation as a pilot and evaluate whether the enhanced incentives for weatherization should remain a permanent fixture of the energy efficiency programs

We support the proposal to continue to reinvest RGGI proceeds into deeper energy and emissions savings, and we urge OER to use the lessons learned to consider more stable funding for these initiatives and we urge OER to use the lessons learned to consider more stable funding for those initiatives.

Response: OER appreciates these comments by NCEC. Thank you.

The following is from written comments submitted by Kai Salem, Green Energy Consumers Alliance, via e-mail on September 18, 2020:

Comment: ...Green Energy Consumers largely supports the proposed auction allocation, especially allocations towards weatherization and heating electrification... The focus on small businesses and moderate income households will help close gaps for these groups in the efficiency programs.

...Green Energy Consumers is concerned about the continued lack of cost-effectiveness justification in RGGI auction allocation proposals... Rhode Island ought to be achieving all cost-effective weatherization savings through the efficiency programs funded by the systems benefit charge. We hope that this RGGI allocation does not alleviate pressure on National Grid to achieve all cost-effective savings in those programs.

...Green Energy Consumers supports the proposed 2020-B Auction Allocation, especially the allocations towards weatherization and ASHP-related initiatives. However, we entreat the OER and DEM to work towards identifying more sustainable funding sources for clean energy programs and to provide better justification in future proposals.

Response: Thank you for these comments. OER finds that the Plan, as proposed, appropriately balances the need to advance important clean energy initiatives and adheres to statutory requirements. We note that National Grid-administered energy efficiency programs and initiatives are subject to a lengthy development and review process that is inclusive of local stakeholders and the EERC, and subject to regulatory review and approval by the state's Public Utilities Commission.

Administrative Amendment

The following minor administrative amendment was made to Section 5.4.2.a. of the Plan. This amendment is consistent with allocations made in previous plans to Rhode Island Commerce Corporation's Renewable Energy Fund (REF) to support the commercial-scale and small-scale

programs for PV adoption.

5.4.2.a \$500,000.00 shall be allocated to the Rhode Island Commerce Corporation's Renewable Energy Fund (REF) to support the commercial-scale and small-scale programs for PV adoption. This program will be administered by Commerce and OER.

Decision

It is the decision of the Office of Energy Resources to approve the 2020-B Allocation Plan – Distribution of RGGI Proceeds. The Plan is appended to this Decision.

Nicholas S. Ucci
Commissioner of Energy

Copy of the Decision sent via email to the following:
Hank Webster (Acadia Center)
Jeremy McDiarmid, Sean Burke (NECEC)
Kai Salem, Green Energy Consumers Alliance