

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



**2020-B PLAN FOR THE ALLOCATION AND DISTRIBUTION OF
REGIONAL GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS**

September 2020

1.0 Authority

The 2020-B 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 and regulations.

3.0 Auction Proceeds included in the 2020-B RGGI Allocation Plan

3.1 RGGI, Inc. conducted auctions on behalf of the State of Rhode Island on March 11, 2020 (Auction #47) and June 3, 2020 (Auction #48).

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

Auction #47	\$1,985,178.35
Auction #48	\$2,094,955.00
Total	\$4,080,133.35

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 applicable statutes. Public notice of the proposed Plan was provided on August 6, 2020. A copy of the Notice is attached hereto. A public comment hearing was held virtually on September 8, 2020. The public was allowed additional time to submit written comments until September 18, 2020.
- 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 compensated \$41,427.91 from Auction 47 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 the auctions listed in Section 3.0 is \$408,013.34. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$204,006.67.
- 5.3 Interest Accrued on RGGI Proceeds
 - 5.3.1 No accrued interest is being allocated in this plan.
- 5.4 Allocation of Net RGGI Proceeds
 - 5.4.1 After accounting for administrative expense reimbursement to OER and DEM, compensation to RGGI, Inc., and accrued interest, the net balance available for programmatic allocation is **\$3,630,692.10**.

- 5.4.2 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:
- 5.4.2.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.
- 5.4.2.b **\$100,000.00** 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 implementation of this program to support alignment with other existing clean energy initiatives available to Rhode Island's agricultural community.
- 5.4.2.c **\$805,692.10** shall be allocated to support enhanced incentives for building weatherization and/or electric savings and other energy and environmental benefits associated with the installation and operation of air-source heat pumps (ASHP). ASHPs and weatherization are critical measures for supporting the achievement of the state's greenhouse gas emission reduction goals and are a core technology pathway for Heating Sector Transformation. Moreover, ASHPs and weatherization are often installed by local HVAC businesses and support clean energy industry and job growth. These funds will support direct customer incentives and/or customer financing programs delivered through National Grid-administered programs. These funds shall be leveraged with ratepayer-derived system benefit charge funds, where possible. The specific programs and process for distribution of the funds will be developed by OER, in consultation with EERMC and National Grid. Funds allocated to National Grid shall be tracked and managed in a shadow account.
- 5.4.2.d **\$1,100,000.00** shall be allocated to support enhanced incentives (up to 100% cost coverage) for weatherization measures in Rhode Island small businesses. Weatherization reduces energy bills, lowers greenhouse gas emissions, and makes a building more resilient to temperature swings. Small businesses across the country continue to struggle due to the COVID-19 pandemic and the associated economic downturn. By reducing energy costs for small businesses, these funds are intended to support the economic resilience as well as the health and safety of Rhode Island small business owners and employees. These funds shall be leveraged with ratepayer-derived system benefit charge funds, where possible. The specific programs and process for distribution of the funds

will be developed by OER, in consultation with EERMC and National Grid. Funds allocated to National Grid shall be tracked and managed in a shadow account.

5.4.2.e **\$1,125,000.00** shall be allocated to support enhanced incentives (up to 100% cost coverage) for weatherization measures in moderate income homes in Rhode Island. Moderate income is defined here as an annual household income level less than or equal to the state's 80% average median income (AMI) level, but above the AMI level which qualifies households for the income eligible electric discount rate. During the COVID-19 pandemic, many households are experiencing job loss and higher utility costs as more time is spent at home. Weatherization is an effective means of reducing energy bills, improving home comfort, and reducing greenhouse gas emissions. These funds shall be leveraged with ratepayer-derived system benefit charge funds, where possible. The specific programs and process for distribution of the funds will be developed by OER, in consultation with EERMC and National Grid. Funds allocated to National Grid shall be tracked and managed in a shadow account.

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.