

State of Rhode Island
Department of Administration
Office of Energy Resources

In re: Proposed 2018-A Allocation Plan – Distribution of Regional Greenhouse Gas Initiative Proceeds

RESPONSE TO COMMENTS

Introduction

On February 21, 2018, a notice was posted on the websites of the Rhode Island Department of Administration, 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 “2018-A Allocation Plan - Distribution of Regional Greenhouse Gas Initiative Auction Proceeds” (the Plan). The notice stated that a public hearing would be held on March 26, 2018 at 11:00 A.M. in Conference Room C, Second Floor, One Capitol Hill, Providence, Rhode Island. Copies of the proposed Plan were made available at OER’s offices; on OER’s website at www.energy.ri.gov; by calling (401) 574-9124 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 public hearing was held on March 26, 2018 at 11:00 A.M. at the location set forth in the public notice. No members of the public attended the public hearing. At the conclusion 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 April 5, 2018.

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.

Letters of Support

OER received a letter of support from Michael R. Kirkwood, General Manager & CEO, Pascoag

Utility District, dated March 12, 2018. No comments were provided suggesting any changes be made to the proposed plan.

Public Hearing

A public hearing on the proposed Plan was held on March 26, 2018. Public comments as well as written comments were received from Kat Burnham, Energy Programs Manager, People's Power & Light.

Response to Comments

The following are paraphrased comments from Kat Burnham, People's Power & Light, dated March 27, 2018:

Comment: Many of the proposed initiatives (such as the LED streetlights and RI Infrastructure Bank) could be funded by the energy efficiency System Benefit Charge.

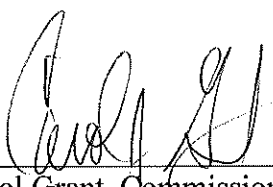
People's Power & Light recommends that some RGGI funding in this allocation be used to support electric vehicle adoption.

Response: OER finds that the Plan, as proposed, appropriately balances the need to advance important clean energy initiatives, while leveraging RGGI funds with available public and/or ratepayer dollars and adhering to statutory requirements.

Decision

It is the decision of the Office of Energy Resources to approve the 2018-A Allocation Plan – Distribution of RGGI Proceeds. The Plan is appended to this Decision.

4/10/18
Date: _____



Carol Grant, Commissioner
Office of Energy Resources

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



2018-A PLAN FOR THE ALLOCATION AND DISTRIBUTION OF REGIONAL
GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS

Auctions Held September 6, 2017 & December 6, 2017

April 2018

1.0 Authority

The 2018-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 6, 2017 (Auction #37) and December 6, 2017 (Auction #38).

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

Auction #37	\$1,078,639.05
Auction #38	\$942,263.20
Total	\$2,020,902.25

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 February 21, 2018. A copy of the Notice is attached hereto. A public comment hearing was held on March 26, 2018 at the Department of Administration, One Capitol Hill, Providence, Rhode Island. The public was allowed additional time to submit written comments until April 5, 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; “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. RGGI, Inc. is the entity that conducted the auctions listed in Section 3.0.

5.1.2 RGGI Inc. was not compensated from Auction 37 or Auction 38 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 37 and 38 total \$202,090.22. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$101,045.11.

5.3 Interest Accrued on RGGI Proceeds

5.3.1 OER has identified \$76,298.49 of unallocated accrued interest payments on state RGGI auction proceeds as of December 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 unallocated interest payments, the net balance available for programmatic allocation is **\$1,895,110.52 (One Million Eight Hundred Ninety-Five Thousand One Hundred and Ten Dollars and Fifty-Two Cents)**.

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 **\$500,000.00 (Five Hundred Thousand Dollars)** shall be allocated to support residential, commercial, and/or public sector energy efficiency and/or renewable energy financing transactions through the Rhode Island Infrastructure Bank, as established under Rhode Island General Laws Sections 39-26.5 and 46-12.2-4.2.

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 **\$350,000.00 (Three Hundred and Fifty Thousand Dollars)** shall be allocated for use by Rhode Island municipalities to support the installation of LED streetlights and associated control technologies. This program will be administered by OER.

5.4.2.e **\$585,110.52 (Five Hundred Eighty-Five Thousand One Hundred and Ten Dollars and Fifty-Two 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.f **\$100,000.00 (One Hundred Thousand Dollars)** shall be allocated to support the accelerated adoption of cost-effective energy efficiency measures by customers located in the Pascoag Utility District (PUD). OER will work in coordination with PUD management

to leverage existing system benefit charge funding, enhance incentive and program offerings, and identify cost-effective investment opportunities in the community.

- 6.0 Reallocation of RGGI funds from the 2012, 2013, 2014 and 2015 Plans for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds.
- 6.1 OER finds that **\$69,802.97 (Sixty-Nine Thousand Eight Hundred and Two Dollars and Ninety-Seven Cents)** of funds allocated pursuant to Section 5.4.2.c of the 2012 Plan (SRP) shall be reallocated to achieve the purposes of Section 5.4.2.e (REF) of the 2018-A Plan.
- 6.2 OER finds that **\$41,427.00 (Forty-One Thousand Four Hundred and Twenty-Seven Dollars)** of funds allocated pursuant to Section 5.3.2.b of the 2013 Plan (Thermal WG) shall be reallocated to achieve the purposes of Section 5.4.2.e (REF) of the 2018-A Plan.
- 6.3 OER finds that **\$1,894.28 (One Thousand Eight Hundred and Ninety-Four Dollars and Twenty-Eight Cents)** of funds allocated pursuant to Section 5.3.2.c of the 2014 Plan (DOT EE) shall be reallocated to achieve the purposes of Section 5.4.2.e (REF) of the 2018-A Plan.
- 6.4 OER finds that **\$101,765.23 (One Hundred One Thousand Seven Hundred and Sixty-Five Dollars and Twenty-Three Cents)** of funds allocated pursuant to Section 5.3.2.f of the 2015 Plan (Solarize) shall be reallocated to achieve the purposes of Section 5.4.2.e (REF) of the 2018-A Plan.
- 7.0 Tracking and Reporting
- 7.1 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.