

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



PROPOSED
2020-A PLAN FOR THE ALLOCATION AND DISTRIBUTION OF
REGIONAL GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS

February 14, 2020

1.0 Authority

The 2020-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 and regulations.

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

3.1 RGGI, Inc. conducted auctions on behalf of the State of Rhode Island on September 4, 2019 (Auction #45) and December 4, 2019 (Auction #46).

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

Auction #45	\$1,885,665.60
Auction #46	\$2,034,343.08
Total	\$3,920,008.68

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 February 18, 2020. A copy of the Notice is attached hereto. A public comment hearing was held on MONTH DD, YYYY at the Department of Administration, One Capitol Hill, Providence, Rhode Island. The public was allowed additional time to submit written comments until MONTH DD, YYYY.
- 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 either of the Auctions that are subject of this Plan.

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 \$392,000.86. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$196,000.43.

5.3 Interest Accrued on RGGI Proceeds

5.3.1 OER collected \$334,112.81 of unallocated accrued interest payments on state RGGI auction proceeds during the 2019 calendar year.

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 **\$3,862,120.63**.
- 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 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.b **\$110,000.00** 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 **\$500,000.00** shall be allocated to the Rhode Island Commerce Corporation's Renewable Energy Fund (REF) to support the commercial-scale program for PV adoption. This program will be administered by Commerce and OER.
- 5.4.2.d **\$2,752,120.63** shall be allocated to support enhanced incentives supporting electric savings and other energy and environmental benefits associated with installation and operation of air-source heat pumps (ASHP). ASHPs are a critical technology 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 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 through collaboration between OER, 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.