

STATE OF RHODE ISLAND
RHODE ISLAND OFFICE OF ENERGY RESOURCES



PROPOSED
2023-A PLAN FOR THE ALLOCATION AND DISTRIBUTION OF
REGIONAL GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS

August 1, 2023

1.0 Authority

The 2023-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 2023-A RGGI Allocation Plan

3.1 RGGI, Inc. conducted Auctions #-59 and #-60 on behalf of the State of Rhode Island in March and June 2023.

3.2 The auction resulted in the following Gross Auction Proceeds for the state:

Auction #-59 - \$4,521,725.00

Auction #-60 - \$4,837,934.66

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 promotion of energy efficiency, renewables and direct rate relief.

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.
- (7) For fiscal year 2023 only, the office of energy resources shall transfer \$3,000,000 from unallocated auction proceeds to the executive climate change coordinating council restricted receipt account to maintain funding for the existing electric vehicle and electric bicycle incentive programs and to support other projects; and
- (8) Provided however, effective for fiscal year 2024 and thereafter, sale of allowances yielding in excess of four million five hundred thousand dollars (\$4,500,000) per auction shall be transferred to the Rhode Island office of energy resources, on

behalf of the executive climate change coordinating council, for climate change related initiatives. The executive climate change coordinating council shall have exclusive authority to direct the use of these funds pursuant to §42-6.2-3.1. The office of energy resources may act on behalf of the executive climate change coordinating council to disburse these funds. Provided further, that any transfer of allowances in a single fiscal year, pursuant to this section shall not exceed one million five hundred thousand dollars (\$1,500,000).

4.3 OER concludes that the drafted Plan is consistent with applicable statutes. Public notice of the proposed Plan was provided on July 28, 2023. A copy of the Notice is attached hereto. There was an in-person public comment hearing held at the Department of Administration in Conference Room A (2nd Floor) on August 30, 2023, from 4:30 to 5:30pm. **[PENDING]**

4.4 OER has responded to all substantive comments received on the Plan and are provided in the attached document entitled Response to Comments. **[PENDING]**

4.5 The Plan was adopted in accordance with RIGL §23-82--8 and Chapter 42-35, the Administrative Procedures Act. **[PENDING]**

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.-1.

5.1.2 A total of \$44,241.22 was deducted from Auction # 59 proceeds for Rhode Island's RGGI, Inc. Obligations.

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.-1 is \$935,965.96. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$467,982.98.

5.3 Interest Accrued on RGGI Proceeds

5.3.1 Between January 1, 2021, and December 31, 2022, RGGI Proceeds earned \$399,806.72 in accrued interest.

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 \$8,779,259.20.

5.4.2 OER finds that allocating the balance of the Auction Proceeds for the promotion of cost-effective energy efficiency and conservation, promotion of cost-effective renewable non-carbon emitting energy technologies and direct rate relief to low-income customers shall be best accomplished by disbursements as follows:

5.4.2.a **\$3,000,000.00** was allocated to the Executive Climate Change Coordinating Council (EC4) in June 2023, per the enacted FY24 state budget for broad climate change related studies, outreach and energy program efforts by the EC4. *This statutory required funding to EC4 is being referenced in this allocation plan for the public and stakeholders, that may not be aware of the recently enacted state law.*

5.4.2.b **\$1,000,000.00** shall be allocated to be leveraged with the federal Energy Efficiency Conservation Block Grant (EECBG) Program funds from the Bipartisan Infrastructure Law. OER will be administering the EECBG program and awarding grants to municipalities for energy efficiency improvements on municipal and school properties.

5.4.2c **\$3,000,000.00** shall be allocated to Rhode Island Energy to provide direct rate relief to low-income customers (enrolled in the A-60 rate class) during the winter billing period. The direct bill credits are in recognition of the disproportionate financial burdens that low-income ratepayers will experience due to the high cost of electricity during the winter electricity rates period.

5.4.2d **\$729,259.20** shall be allocated to support residential and low- and moderate-income solar grant and financing programs by OER and Commerce RI.

5.4.2e **\$550,000.00** shall be leveraged with the federal Congressionally Directed Funding being received from the Department of Energy for the “Energy Efficiency Investments at Rhode Island Schools” initiative.

5.4.2f **\$500,000.00** shall be allocated to support and implement energy efficiency and renewable energy projects at Rhode Island state government facilities, consistent with the goals of the State of Rhode Island’s “Lead by Example” Initiative Executive Order signed by Governor McKee.

Repurposing Unused Prior RGGI Allocation Funds

5.4.2.g **\$315,843.42** of funds allocated pursuant to Section 5.3.2.d of the 2015 Plan shall be reallocated to achieve the purpose of the 2023-A Plan, as detailed in Section 5.4.2f above.

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.