

STATE OF RHODE ISLAND
RHODE ISLAND OFFICE OF ENERGY RESOURCES



2024-A PLAN FOR THE ALLOCATION AND DISTRIBUTION OF
REGIONAL GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS

May 28, 2024

1.0 Authority

The 2024-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 2024-A RGGI Allocation Plan

3.1 RGGI, Inc. conducted Auctions #63 on behalf of the State of Rhode Island in March 2024.

3.2 The auction resulted in the following Gross Auction Proceeds for the state:
Auction #63 - \$8,293,712.00

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 2 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 Plan is consistent with applicable statutes. Public notice of the proposed Plan was provided on April 17, 2024. 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 May 17, 2024, from 2:00 to 3:00pm. The public was allowed additional time to submit written comments until May 28, 2024.

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 The Plan was adopted in accordance with RIGL §23-82--8 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.-1.

5.1.2 A total of \$56,224.58 was deducted from Auction # 63 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.-2 is \$829,371.20. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$414,685.60.

5.3 Interest Accrued on RGGI Proceeds

5.3.1 Between January 1, 2023, and December 31, 2023, RGGI Proceeds earned \$955,405.79 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 \$8,363,522.01.

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 **\$3,213,522.01** shall be allocated to be used for energy efficiency appliance and/or energy efficiency reduction measures in coordination with the federal Home Efficiency Rebate and/or Home Electrification and Appliance Rebate Programs that OER will be administering to help households reduce their long-term energy costs.

5.4.2.b **\$750,000.00** 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 and/or leveraged with federal Energy Efficiency Conservation Block Grant (EECBG) Program funds from the Bipartisan Infrastructure Law.

5.4.2c **\$250,000.00** shall be allocated to support the Rhode Island Agricultural Energy Grant Program, a collaborative project of OER and DEM. This program helps local farmers green their operations and benefit from 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.

5.4.2d **\$3,000,000.00** shall be allocated to support residential and commercial scale solar grant programs by OER and Commerce RI.

5.4.2e **\$150,000.00** shall be allocated for Tree Equity RI, a grant program run by DEM available to municipalities and nonprofit organizations to fund tree planting projects with the goal to restore and improve urban forests by building community resilience, with a focus on equity, environmental justice, climate change, and public health initiatives.

5.4.2f **\$1,000,000.00** 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.

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.

Table 1: Total programmatic allocation (after accounting for administrative expenses):
\$8,363,522.01

| Amount (\$) | Percentage (%) | Program | Party | Program Classification | Investment Category |
|----------------|----------------|---|------------------|--|--|
| \$3,213,522.01 | 38% | allocated to energy efficiency appliance and/or energy efficiency reduction measures in coordination with the federal Home Efficiency Rebate and/or Home Electrification and Appliance Rebate Programs that OER will administer. | OER | Residential Efficiency & Clean Energy | Energy Efficiency |
| \$750,000.00 | 10% | to support energy efficiency projects at schools by cost matching federal congressionally directed funding. | OER | Municipal, State, & Community | Energy Efficiency |
| \$250,000.00 | 3% | shall be allocated to support the Rhode Island Agricultural Energy Grant Program. | OER | Business Efficiency & Clean Energy | Clean, Renewable Energy and/or Energy Efficiency |
| \$3,000,000.00 | 36% | shall be allocated to support small-scale and/or commercial-scale solar grant and financing programs by OER and Renewable Energy Fund. | REF, Commerce RI | Residential and Commercial Efficiency & Clean Energy | Clean & Renewable Energy |
| \$150,000.00 | 2% | shall be allocated to be used for Tree Equity RI . | DEM | Residential Efficiency & Clean Energy | GHG Abatement & CCA |
| \$1,000,000.00 | 12% | to support Lead by Example projects under the EO 2023-06. | OER | Municipal, State, & Community | Energy Efficiency |