

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



2016-B PLAN FOR THE ALLOCATION AND DISTRIBUTION OF REGIONAL
GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS

Auctions Held March 9, 2016 & June 1, 2016

September 2016

1.0 Authority

The 2016-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. 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 March 9, 2016 (Auction #31) and June 1, 2016 (Auction #32).

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

Auction #31	\$2,359,922.25
Auction #32	\$2,136,959.55
Total	\$4,496,881.80

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 July 15, 2016. A copy of the Notice is attached hereto. A public comment hearing was held on August 15, 2016 at the Department of Administration, One Capitol Hill, Providence, Rhode Island. The public was allowed additional time to submit written comments until August 25, 2016.

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 Wherefore, RGGI, Inc. was compensated \$37,741.29 from auction 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 the two auctions conducted in 2016 and subject to this Plan equals \$449,688.18. This value is greater than \$300,000. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$224,844.09.

5.3 Allocation of Net Auction Proceeds

5.3.1 Total Auction Proceeds for the RGGI auctions listed in Section 3.0 were \$4,496,881.80. After deducting the compensation for RGGI Inc. and the administrative expense reimbursement to OER and DEM, as specified in Sections 5.1 and 5.2, the balance remaining is **\$4,009,452.33**.

5.3.2 OER finds that allocating the balance of the Auction Proceeds set forth in Paragraph 5.3.1 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:

5.3.2.a **\$2,009,452.33 (Two Million, Nine Thousand, Four Hundred Fifty-Two Dollars and Thirty-Three Cents)** shall be leveraged with ratepayer funds and allocated to support energy efficiency programs, incentives, financing, and/or other services delivered through National Grid-administered programs. Support for these energy efficiency programs is consistent with Least Cost Procurement mandates; helps achieve lowest cost, carbon-free energy savings; reduces the amount of ratepayer funds that will need to be collected through the Systems Benefit Charge to achieve energy efficiency plan goals; and supports local economic investment and job growth in Rhode Island's clean energy economy. The specific programs and process for distribution of the funds will be developed by OER working in coordination with the EERMC and National Grid (Utility). Any funds allocated to the Utility shall be tracked and managed in a shadow account.

5.3.2.b **\$2,000,000.00 (Two Million Dollars)** shall be allocated to support public sector energy efficiency and/or renewable energy financing transactions conducted through the Efficient Buildings Fund within the Rhode Island Infrastructure Bank, as established under Rhode Island General Laws Section 46-12.2-4.2.

5.4 Tracking and Reporting

5.4.1 The Utility shall prepare quarterly programmatic and financial reports, and an annual report, for programs managed by the Utility that utilize RGGI funding according to the terms of the Plan. The reports shall include, at minimum, a detailed description of: (1) program components; (2) project costs; and (3) program benefits, including, but not limited to, energy savings, jobs/job hours and types of jobs associated with RGGI-funded projects.

5.4.2 The Utility shall prepare a report which shall include a list with the names of the entities receiving funding. This information shall be public information. The report shall be submitted to OER.

5.4.3 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.