

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



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

Auctions Held March 18, 2018 & June 13, 2018

August 2018

1.0 Authority

The 2018-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 18, 2018 (Auction #39) and June 13, 2018 (Auction #40).

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

Auction #39	\$907,939.98
Auction #40	\$963,039.24
Total	\$1,870,979.22

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 and regulations. Public notice of the proposed Plan was provided on July 17, 2018. A copy of the Notice is attached hereto. A public comment hearing was held on August 16, 2018 at the Department of Administration, One Capitol Hill, Providence, Rhode Island. The public was allowed additional time to submit written comments until August 26, 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 compensated \$33,329.33 from Auction 39 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 \$300,000.00 or 10.0% of the proceeds, whichever is greater.
- 5.2.2 Ten percent (10.0%) of total auction proceeds from Auctions 39 and 40 total \$187,097.92. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$93,548.96.

5.3 Allocation of Net RGGI Proceeds

5.3.1 After accounting for compensation for RGGI Inc. and administrative expense reimbursement to OER and DEM, the net balance available for programmatic allocation is **\$1,650,551.97 (One Million Six Hundred Fifty Thousand Five Hundred Fifty-One Dollars and Ninety-Seven Cents)**.

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 **\$1,388,521.60 (One Million Three Hundred Eighty-Eight Thousand Five Hundred Twenty-One Dollars and Sixty 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. A portion of these funds shall be used to establish a pilot incentive program to facilitate solar development on brownfields. All funds allocated through this section shall be administered in coordination with OER.

5.3.2.b **\$200,000.00 (Two Hundred Thousand Dollars)** shall be allocated to support the delivery of cost-effective energy efficiency programs and incentives to electric utility customers 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.

- 5.3.2.c **\$62,030.37 (Sixty-Two Thousand Thirty Dollars and Thirty-Seven Cents)** shall be allocated to support the delivery of cost-effective energy efficiency programs and incentives to electric utility customers of the Block Island Power Company (BIPCo). OER will work in coordination with BIPCo management to leverage existing utility funds and identify cost-effective investment opportunities in the community of New Shoreham.
- 6.0 Reallocation of RGGI funds from the 2013 and 2016-A Plans for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds.
- 6.1 OER finds that **\$100,995.00 (One Hundred Thousand Nine Hundred and Ninety-Five Dollars)** of funds allocated pursuant to Section 5.3.2.f of the 2013 Plan (Grid Mod WG) shall be reallocated to achieve the purposes of Section 5.3.2.a (REF) of the 2018-B Plan.
- 6.2 OER finds that **\$500,000.00 (Five Hundred Thousand Dollars)** of funds allocated pursuant to Section 5.2.2.e of the 2016-A Plan (Microgrid) shall be reallocated to achieve the purposes of Section 5.3.2.a (REF) of the 2018-B 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.