

STATE OF RHODE ISLAND
RHODE ISLAND OFFICE OF ENERGY RESOURCES



PROPOSED
2022-A PLAN FOR THE ALLOCATION AND DISTRIBUTION OF
REGIONAL GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS

July 7, 2022

1.0 Authority

The 2022-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 2022-A RGGI Allocation Plan

3.1 RGGI, Inc. conducted auctions on behalf of the State of Rhode Island on September 8, 2021 (Auction #53) and December 2, 2021 (Auction #54).

3.2 These auctions resulted in the following Gross Auction Proceeds for the state:

Auction #53	\$3,620,145.90
<u>Auction #54</u>	<u>\$5,859,256.00</u>
Total	\$9,479,401.90

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 July 7, 2022. A copy of the Notice is attached hereto. A public comment hearing was held virtually on MONTH DD, YYYY. 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. [PENDING]

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 There was no compensation to RGGI Inc. in these auctions.

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 \$947,940.20. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$473,970.10.

5.3 Interest Accrued on RGGI Proceeds

5.3.1 Between January 1, 2021 and December 31, 2021, RGGI Proceeds earned \$23,667.05 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 **\$8,555,128.75**.

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 to the Rhode Island Commerce Corporation's Renewable Energy Fund (REF) to support renewable development on brownfields. The REF 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. This program shall be administered by Commerce and OER.
- 5.4.2.b **\$2,130,128.75** shall be allocated to the Rhode Island Commerce Corporation's Renewable Energy Fund (REF) to support the small-scale and/or commercial-scale program for PV adoption by homeowners and small businesses. This program shall be administered by Commerce and OER.
- 5.4.2.c **\$4,000,000.00** shall be allocated to accelerate the adoption of LED lighting technologies across public-school facilities, thereby reducing public sector energy consumption and costs, while improving the quality of lighting in public buildings and learning environments. This program shall be administered by OER and will seek to leverage other existing incentives, funding streams, and programs, where appropriate
- 5.4.2.d **\$125,000.00** shall be allocated to support the DEM's 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.e **\$300,000.00** 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.
- 5.4.2.f **\$1,500,000.00** shall be allocated to support electric savings and other energy and environmental benefits associated with the installation and operation of high-efficiency air-source heat pumps (ASHP). ASHPs are a critical measure for supporting 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 utility-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 by OER. Funds allocated to the utility shall be tracked

and managed in a shadow account. This allocation is made with the expectation that a new ASHP incentive program will be made available to the marketplace by the end of 2022 utilizing federal funding authorized by the General Assembly; these RGGI funds will help ensure the continuation of ASHP incentives in the Rhode Island marketplace while that new program is developed.

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.