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# **FY2027 Ratepayer Relief/Other Energy Proposals**

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Senate Finance Committee Presentation

February 10, 2026

# \$1B in Ratepayer Relief Over Five Years



**The Governor’s budget proposal delivers significant utility bill relief over the next five years by reforming State programs and taxes that account for approximately a quarter of customers’ energy bills:**

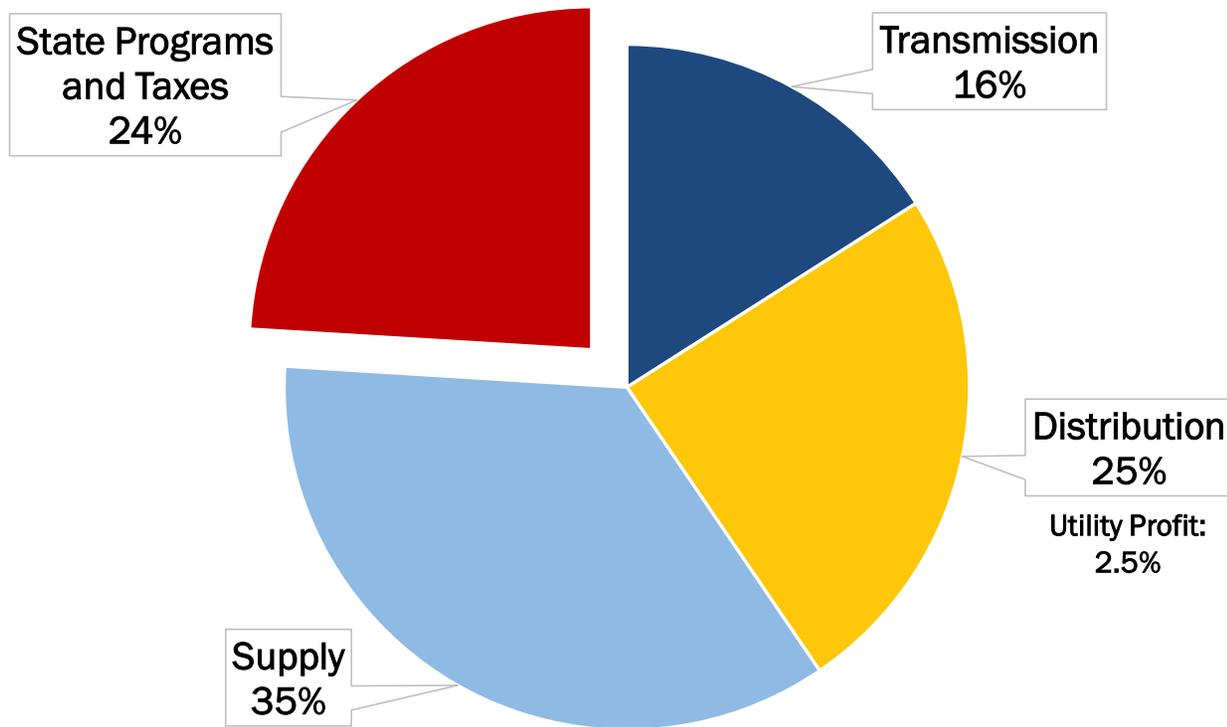
According to the U.S. Energy Information Administration, Rhode Island has the fourth highest residential electric rates in the country. The Trump administration’s tariffs and erratic permitting actions have contributed to rising costs and uncertainty.

- **Providing relief.** Affordability pressures are rising across the economy, with utility bills representing a particularly acute and regressive cost burden. The Governor’s top priority is to deliver sustained ratepayer relief over the next five years.
- **Aligning with the region.** Every recommendation in the Governor’s ratepayer relief proposal is based on actions already implemented or established as best practice in neighboring states.
- **Creating a more affordable path to decarbonization.** A balanced approach delivers near-term ratepayer relief while placing climate programs on a more sustainable fiscal footing and advancing emissions-reduction goals at lower cost.

Year	Projected Ratepayer Savings
2027	\$151.8M
2028	\$160.5M
2029	\$207.9M
2030	\$224.5M
2031	\$256.7M
<b>Total</b>	<b>\$1,001.4M</b>

The full savings table can be found in the appendix.

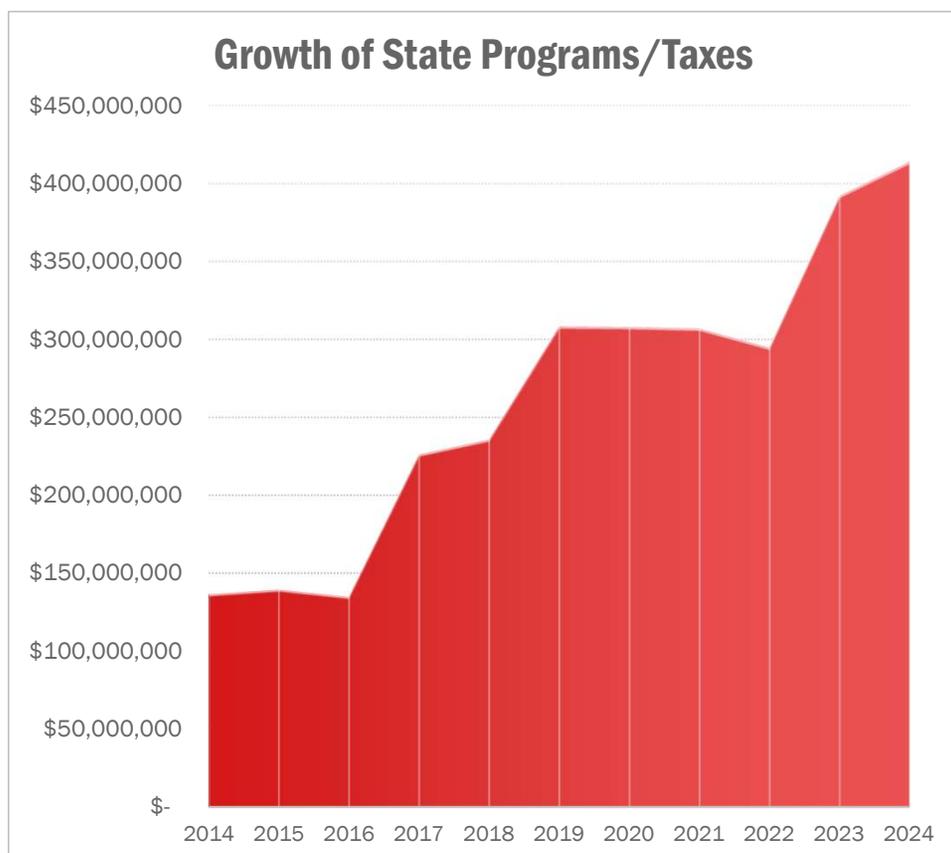
# Average Residential Electric Bill (2025)



Since 2020, the distribution portion of the average electric bill has increased by about 5%, while state programs and taxes have grown roughly 36%.

State programs and taxes now make up about one-quarter of the average residential electric bill.

# Containing Costs and Lowering the Bill Charges



- State-mandated programs and taxes embedded in utility rates have grown from under \$150 million annually a decade ago to more than \$400 million, with multiple program cost trajectories projected to continue rising at rates that are not sustainable.
- The Governor’s proposal reforms the three largest programs that show up as charges on your bill under the State Programs section:
  - **Renewable Energy Standard**
  - **Net Metering Program: Virtual Net Metering**
  - **Energy Efficiency Program**
- The budget proposal also constrains utility shareholder incentive compensation and reduces the distribution charge through commonsense reforms to utility paving practices.

## Trump Administration Impacts on the State Energy and Climate Efforts

- The Trump Administration has significantly impacted Rhode Island's progress toward its renewable energy, heat pump, electric vehicle, and Act on Climate objectives. Rhode Island ratepayers should not bear the financial consequences of these federal actions.
- In the nearly 13 months since President Trump returned, the Administration has **repealed or terminated more than \$1 billion in federal funding and tax incentives** for solar, offshore wind, heat pumps, electric vehicles, and energy efficiency programs that Rhode Island had planned to use over the next four to five years to advance Act on Climate.
- Federal agencies responsible for energy efficiency, renewable energy, and offshore wind development have also experienced reorganization and staffing reductions over the past year. Regardless of the outcome of the 2028 presidential election, **rebuilding federal agencies capacity to administer grants, promulgate regulations, and issue federal land and sea permits for energy projects will likely take several years.**

# Trump Administration Impact: Electric Vehicles

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- **Elimination of the federal Electric Vehicle (EV) Tax Credits effective September 2025.** Rhode Island lost access to more than **\$970 million** in projected federal EV tax credit benefits over the next four to five years. This is a significant loss to the state's clean transportation and emission reduction efforts.
- **Blocking California's EPA Waiver for the Advanced Clean Cars II Regulation.** Rhode Island and other states were implementing this regulation to accelerate zero-emission vehicle adoption. Multi-state Attorney Generals litigation (including RI) is underway challenging the Trump Administration's blocking of the CA EPA Waiver action; however, in the interim, the blocking of this regulation is expected to create multi-year delays in planned EV adoption rates. This uncertainty has already led to vehicle manufacturers to scale back planned EV investments in the coming years.

## Trump Administration Impact: Renewable Energy, Heat Pumps, Energy Efficiency

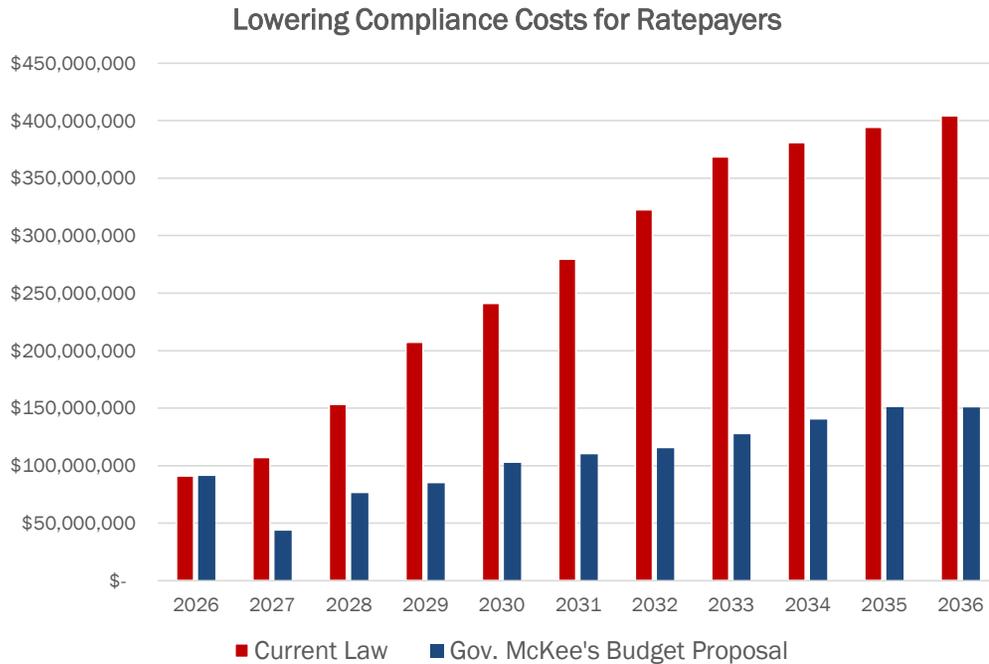
- **Termination of the \$49 million Solar for All grant to OER for low-to-moderate income households' rooftop and community solar.**
- **Elimination of the 30% federal Renewable Energy Investment Tax Credit (ITC) for Direct Ownership Renewable Energy Systems in December 2025. Rhode Island households lost access to a federal tax credit between \$7,000 to \$10,000 to offset the cost of a residential solar system.**
- **Near term elimination of the 30% federal Renewable Energy ITC for 3rd Party Ownership Renewable Energy Systems in December 2027.**
- **Elimination of the federal Household Heat Pumps, Heat Pump Water Heaters, Windows/Doors, Insulation and Electric Panel Upgrade Tax Credits (up to \$3,200 per household) expired in December 2025. Rhode Island lost over \$170 million in heat pump technologies and household energy improvement upgrades federal tax credit funding access over the next 4-5 years.**

# Trump Administration Impact: Offshore Wind

- **Attacking previously issued federal offshore wind permits and attempts to block projects under construction installations.** Actions to revisit federal permits issued in prior years and attempts to block projects under construction—including two attempted efforts in August and December 2025 to halt completion of the 704-megawatt Revolution Wind project serving Rhode Island and Connecticut—have created significant uncertainty for offshore wind development for the next several years.
- **Blocking new offshore wind projects in New England.** Once the 704-megawatt Revolution Wind project is fully operational and the remaining megawatt capacity of Vineyard Wind serving Massachusetts comes online in 2026, it is highly unlikely that additional offshore wind projects and megawatt capacity in New England will come online until the late 2030s.
- **Lengthy development timelines.** Both the Block Island Wind Farm and Revolution Wind required approximately 10 years from inception to completion, even during periods of favorable federal offshore wind policy in the 2010s and early 2020s.
- **Termination of \$389 million in federal funding** for Rhode Island, Connecticut, Massachusetts, and Maine to support offshore wind transmission interconnection and energy storage projects.
- Even with ongoing multi-state RFP procurements by RI, CT, MA, ME for existing nuclear facilities and a separate multi-state RFP with RI, MA, CT, ME and VT for renewable energy resources, energy storage and transmission opportunities in northern Maine, and with no guarantee on the results of those respective RFPs, **the lack of any new offshore wind capacity in New England over the next decade due to Trump Administration actions and the repeal of the federal renewable energy tax credits will create challenges to the state's Renewable Energy Standard law and Act on Climate objectives.**

# Reforming the Renewable Energy Standard (RES)

The proposal establishes a more affordable path to decarbonization by aligning the RES compliance schedule with the Act on Climate’s 2050 target and leveraging lower-cost zero-emission resources:



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- RES is a state procurement mandate that requires electric suppliers to purchase renewable energy certificates (RECs) to offset electricity from higher-emission generation sources.
- Taken together, Rhode Island’s statutory compliance schedule and its narrow eligibility criteria make its RES law the most aggressive of any state in the country.
- Under current law, projected five-year ratepayer costs total \$988 million; the Governor’s proposal reduces this burden by \$572 million (a 58% reduction).
- If no action is taken with the law, the RES charge on ratepayers' bills would quadruple by 2033.

# RES: Aligning the Schedule with the Act on Climate

**Currently, Rhode Island has the most aggressive RES schedule in the region, far outpacing Massachusetts and Connecticut. The Governor’s proposal smooths the compliance schedule without compromising long-term goals:**

Even with this proposed update to the RES, Rhode Island’s schedule remains overall more aggressive than those of Massachusetts and Connecticut, requiring 75% from new renewables by 2050.

**Connecticut.** The approach mirrors recent, bipartisan legislation signed by Governor Lamont in July 2025 that similarly reduced Connecticut’s near-term RPS obligations.

- Connecticut’s 2025 law scaled back its RPS targets by lowering the 2026 requirement by 7 percentage points (from 32% to 25%) and the 2030 requirement by 11 percentage points (from 40% to 29%).

State	New Renewables / Class I Mandate by 2050
Rhode Island	98% (currently mandated by 2033)
Rhode Island (Governor’s Proposal)	75%
Massachusetts*	70%
Connecticut	29%

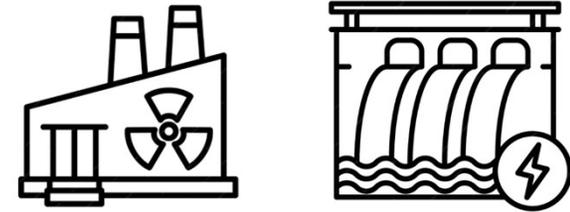
Under current law in MA, CT, and RI contrasted with the Governor’s proposal.

\*The Massachusetts figure includes large-scale hydropower. Without it, MA would be at 60% in 2050.

# RES: Taking Advantage of Lower-Cost, Zero Emission Resources

The Governor’s proposal expands eligible resources to lower costs for ratepayers by leveraging large-scale hydro and nuclear power, while remaining more aggressive than our New England neighbors in the use of new resources:

State	New Renewables	Existing + Clean	Timeframe for 'New'
Rhode Island (Current Law)	98%	2%	Post 12/1997
Rhode Island (Governor's Proposal)	75%	25%	Post 12/1997
Maine	60%	40%	Post 9/2025
Massachusetts	70%	~38%	Post 12/1997
Vermont	40%	60%	Post 12/2009
Connecticut	29%	8%	None
New Hampshire	15%	10.2%	Post 12/2005



Most states with RPS/RES programs rely heavily on lower-cost, zero-emission existing resources to meet compliance obligations at significantly lower cost to ratepayers, while still achieving statutory emissions-reduction targets.

Despite an aggressive RES schedule, Vermont’s ratepayer compliance costs are lower because **more than 80% of its RES obligations are satisfied with lower-cost, large-scale hydropower resources.**

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# RES: Alternative Compliance Payments (ACP) and Banking

**Aligns ACP rates for new renewable resources with Massachusetts and Connecticut and establishes a new ACP for existing resources, with revenues split evenly between ratepayer relief and the Renewable Energy Fund:**

ACP for New Renewables	Rate
Rhode Island	\$85/MWh
Rhode Island (Governor's Proposal)	\$40/MWh
Massachusetts	\$40/MWh
Connecticut	\$40/MWh

ACP for Existing Resources	Rate
Rhode Island	N/A
Rhode Island (Governor's Proposal)	\$11/MWh
Massachusetts	\$10/MWh
Maine	\$5/MWh

- Aligning alternative compliance payments with regional benchmarks. Rhode Island currently maintains a single ACP rate, which is set significantly above the comparable ACP levels in Massachusetts and Connecticut. These adjustments cap compliance costs and prevent ACPs from functioning as a binding price floor above regional norms.
  - **Clean Energy Investments.** The Governor recommends 50% of ACP revenue be dedicated to the Renewable Energy Fund for OER to invest in renewable energy, energy storage and electric vehicle investments, bringing more funds into local clean energy activities.
  - **Additional Ratepayer Relief.** The proposal dedicates the other 50% of ACP funds to be allocated back to ratepayers. This mirrors the approach taken by Gov. Moore in Maryland in 2025 and the existing structure in Massachusetts.
- Banking. The proposal also expands REC banking provisions, allowing suppliers to bank RECs for up to three years with no quantity limit, consistent with Vermont's approach. This added flexibility smooths compliance across years, reduces exposure to price volatility, and lowers overall REC procurement costs.

# Extension of the Renewable Energy Fund

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- The proposal extends the state's Renewable Energy Fund (REF) program through the end of December 2031. The REF program currently expires at the end of 2028.
- The REF program supports small- and medium-scale solar project development in addition to solar development on brownfields.
- The REF is also linked to Rhode Island federal Solar for All (SFA) \$49 million grant that was awarded to OER. The Trump Administration terminated states SFA grants in August 2025. OER is involved with ongoing multi-state Attorney Generals federal lawsuit challenging the SFA terminations.

# Extending State Energy Efficiency Program & Advancing Clean Energy Bond

- **Extends the state's energy efficiency programs by 10 years, through the end of 2038 to ensure stability with the program long-term.** The current program and associated funding process expires in December 2027. This is the largest proposed extension of the state energy efficiency program.
- Transitions the energy efficiency program from a one-year to a three-year program budget to support those employed in the energy efficiency job sectors and provides households, businesses, schools and municipalities accessing the programs to have a longer horizon to make decisions on potential energy efficiency investments on their respective properties.
- **Proposes the first dedicated bond referendum funding (\$10 million) to support the state's energy efficiency program efforts by OER.** This the first time a Rhode Island Governor has proposed dedicated energy efficiency funds or any clean energy related funds to be on a RI ballot referendum.
- Aligns the state's future energy efficiency program budgets per-capita spending with neighboring states energy efficiency programs.

# Reforming the State Energy Efficiency Program

- **Renewing for 10 Years and Capping Energy Efficiency Program:** Extend and cap energy efficiency programs by limiting ratepayer funding to \$75M annually (\$225M per three-year cycle), aligning per-capita spending with Connecticut and New York.

State	Annual EE/BE Budget (approx.)	Residential Customers (U.S. EIA)	Per-Customer	Population	Per-Capita
RI	\$96,000,000	457,383	\$210	1,097,354	\$87
CT	\$238,900,000	1,552,746	\$154	3,675,069	\$65
NY	\$1,000,000,000	7,669,131	\$130	19,867,248	\$50
<i>RI Proposed</i>	<i>\$80,000,000*</i>	<i>457,383</i>	<i>\$175</i>	<i>1,097,354</i>	<i>\$73</i>

\*Assumes the proposed 2026 EE bond allocation is split between 2027 and 2028

Saves ratepayers \$21 million in 2027, and \$105 million over the next five years.

# Rationale for Reform of State Energy Efficiency (EE) Program

**The EE program is nearly twenty years old, and as the market has matured and shifted, the corresponding cost burden placed on ratepayers warrants reevaluation:**

- According to sworn testimony before the Public Utilities Commission, the EE program now costs more than two and a half times as much to deliver the same level of electric system value as it did a decade ago.
- This trend underscores the need to modernize the program through targeted reforms, new approaches, and right-sized investment levels to ensure ratepayer funding is directed toward the highest-value and most cost-effective outcomes.
- The Division supported \$21 million reduction of the 2026 EE Plan Budget:
  - Rightsized budget based on past spend of programs
  - Reduced administrative costs – training, sales, support, marketing, and reducing costs of home energy audits
  - Resulted in a more cost-effective EE Program for 2026

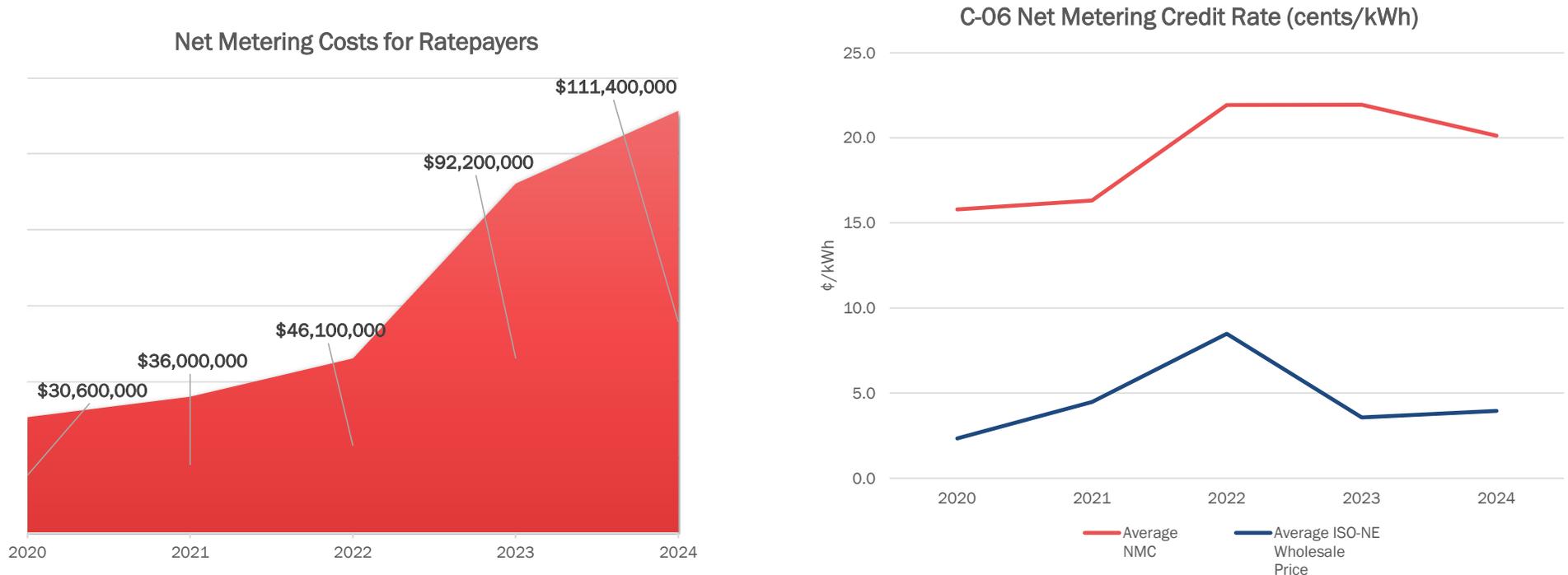
Cost per Dollar of Lifetime Electric System Benefits (Including Customer Contribution)	
2015	\$0.46
2016	\$0.50
2017	\$0.56
2018	\$0.63
2019	\$0.49
2020	\$0.52
2021	\$0.86
2022	\$0.94
2023	\$1.20
2024	\$1.28

Rhode Island Public Utilities Commission, Docket No. 25-37-EE, Attachment Division 3-1 (2025).

2025 data is not yet finalized.

# Unsustainable Rise In Net Metering Costs

The cost of the net metering program has grown more than 250% in five years – rising from \$30 million in 2020 to over \$111 million in 2024 – an unsustainable trajectory for ratepayers:



# Other State Actions To Reform Net Metering Programs

Neighboring states have taken significant strides to make net metering less expensive for ratepayers and more :

Program Component	Rhode Island	Neighboring States
Cost Recovery	N/A	CT: Non-bypassable per-kWh charge as part of RRES DE: Non-nettable public-purpose charges NH: Minimum bill requirement ME: Grid access fee
Compensation Rate	Full 100% retail rate credit; lowered VNM rates by 20% for new projects in 2023	MA: 60% of full rate for new projects NH: Small projects receive 25% of distribution costs ME: Limits ability to net credit against T&D charges VT: Adjustor-based compensation
Aggregate Program Cap	N/A	MA: Caps participation based on % of historical peak load NY: Limits participation based on total ratepayer cost increases
Incentive Term	Indefinite	VT: Limit of 10 years MA: 25 years CT/NJ: 15 - 20 years
Per Project Capacity Cap	10 MWDC	ME: 1 MWDC NH: 1 MWAC MA: 2 MWAC (for private) VT: 500 kWAC

- Higher Capacity and Program Limits:** RI permits a 10 MWDC per-project capacity cap, which significantly exceeds our neighbors. Furthermore, unlike Massachusetts or New York, which cap participation based on peak load or ratepayer cost increases, RI's main utility has no aggregate program capacity cap.
- Long-Term Stability and Full Compensation:** Rhode Island offers permanent revenue certainty with an indefinite incentive term; most states have expiration dates. This is paired with a full 100% retail rate credit and indefinite monetary bill credit carryforward, providing higher value than Massachusetts' 60% "Market Rate" or the rolling 12-month expiration periods in Maine and Vermont.

# Reducing Virtual Net Metering Costs for Ratepayers

**Like our neighboring states, the Governor's proposal recommends reforming the virtual net metering program to provide significant ratepayers savings:**

- The proposal does not impact behind-the-meter / rooftop solar projects.
- Establishes a cost-recovery mechanism on solar projects over 1 MW.
  - Rate set at half of the current rate in Maine.
- Freezes the virtual net metering credit rate as of July 1, 2026, to curb rapidly rising program costs.
- Transitions to lower-cost wholesale rates in 2045, consistent with standard Power Purchase Agreement timelines.

- Yesterday, the Governor signed an executive order initiating a targeted refinement of the virtual net metering proposal.
- The Administration is engaging with solar developers, labor representatives, and other external experts and intends to submit a revised proposal to the General Assembly.
- The core objective of reducing the cost of virtual net metering will remain unchanged, with the aim of transitioning from the current, higher-cost structure to a more cost-effective solar incentive framework while achieving comparable ratepayer savings over the next five years.

**Saves ratepayers \$35 million in 2027, and \$175 million over the next five years.**

# Capitalizing Utility Paving Projects

**Treating paving costs as operating expense is overly burdensome to ratepayers and inconsistent with FERC guidance:**

- Returning to the long-standing utility accounting practice of spreading paving costs over a period of time rather than expensing them upfront is consistent with Federal Energy Regulatory Commission standards.
- FERC guidance for capitalizing utility projects requires capitalizing costs directly related to construction, including materials, labor, overheads, and interest.
- Paving costs have increased significantly over the last several years in response to the passage of the RI Utility Fair Share Roadway Repair Act that requires curb-to-curb re-paving for gas projects.



**Saves ratepayers \$16 million in 2027, and \$60 million over the next five years.**

# Eliminating Bonus Utility Shareholder Payments

## Shareholder incentives for signing contracts for renewable energy are unearned and unwarranted:

### Long-Term Contracting

- An unnecessary “bonus” on top of amounts already collected by Rhode Island Energy to cover operating costs and earn a fair return.
- No credible evidence that RIE’s credit rating would be harmed for entering into a contract for renewable energy for which it is guaranteed full cost recovery
- Essentially a gratuity or tip for the utility’s cooperation in executing a contract for renewable energy that poses no financial risk to the company to advance state policy.

### Require Utility be part of the RTO

- Utility companies also receives a bonus for voluntarily participating in ISO-NE.
- Mandating the company’s participation would eliminate the need for the incentive, saving ratepayers approximately \$158,000 annual.
- This provision is part of a coordinated effort by Consumer Advocates of New England – several states have enacted or are proposing a similar provision.

# Weatherization Assistance Program Transfer to OER and Energy Benchmarking

## Energy Benchmarking

- Codifies the Governor's Lead by Example Executive Order (May 2023) to ensure that energy benchmarking of state buildings is maintained long-term by OER.
- Completing 1st time energy benchmarking for 88 state buildings by the end of 2026.
- Establishes a voluntary energy benchmarking program for municipalities in which OER would provide technical staff support to towns and cities with benchmarking of publicly owned buildings.

## Weatherization Assistance Program

- Transfers the federal U.S. Department of Energy (DOE) Weatherization Assistance Program from the RI Department of Human Services to OER.
- Helps income-eligible households reduce their energy bills by providing whole house energy efficiency services, including insulation and repairing heating systems.
- Transferring the Weatherization Assistance Program, allowing for a holistic management of all U.S. DOE programs by OER, including OER Home Efficiency Appliance Rebate Program that is supporting income eligible households.

# Conclusion: Utility Bills Are A Top Affordability Concern

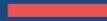
Multiple reports, performance metrics, and public polling consistently indicate that the high and rising cost of utility bills remains a top concern for Rhode Islanders:

Arrearage Category	Electric Customers	Gas Customers
Total Delinquent Accounts	125,043	72,810
Delinquent Accounts (60-89 days)	18,366	8,310
Delinquent Accounts (90+ days)	41,747	28,230
Total Value of Delinquent Accounts	\$143.3M	\$63.8M
Avg. Balance of Delinquent Account	\$1,146	\$876

- United Way Rhode Island reports that requests for utility assistance during the cold months have grown nearly 20% from 2024 to 2025.
- In the 2025 Rhode Island Life Index, more than nine in ten respondents indicated that difficulty paying utility bills is descriptive of their community.
- In early 2025, the Ocean State Poll conducted by the University of New Hampshire Survey Center found that 78 percent of Rhode Islanders were very or somewhat worried about their winter energy bills.

Source: RIPUC, Low-Income Monthly Report – Oct/Nov 2025 (Docket 4770, 12/30/25)

# Appendix



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# Appendix: Ratepayer Savings Schedule

Item	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Renewable Energy Standard Reform	\$ 63,821,546	\$ 77,173,871	\$ 122,843,837	\$ 138,693,997	\$ 169,695,053	\$ 572,228,305
Net Metering Cost Control	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 35,000,000	\$ 175,000,000
Renew EE and Cap at 75M	\$ 21,000,000	\$ 21,000,000	\$ 21,000,000	\$ 21,000,000	\$ 21,000,000	\$ 105,000,000
Expensing of Paving Projects	\$ 16,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 11,000,000	\$ 60,000,000
ACP Fund: Return to Ratepayer	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ 25,000,000
LTC Performance Incentive	\$ 2,460,000	\$ 2,460,000	\$ 2,460,000	\$ 2,460,000	\$ 2,460,000	\$ 12,300,000
RIIB Allocation - EE	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 2,500,000	\$ 12,500,000
RTO Requirement	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 175,000	\$ 875,000
<b>Total</b>	<b>\$ 145,956,546</b>	<b>\$ 154,308,871</b>	<b>\$ 199,978,837</b>	<b>\$ 215,828,997</b>	<b>\$ 246,830,053</b>	<b>\$ 962,903,305</b>
GET Savings	\$ 5,838,262	\$ 6,172,355	\$ 7,999,153	\$ 8,633,160	\$ 9,873,202	\$ 38,516,132
<b>Total Ratepayer Relief</b>	<b>\$ 151,794,808</b>	<b>\$ 160,481,226</b>	<b>\$ 207,977,991</b>	<b>\$ 224,462,157</b>	<b>\$ 256,703,256</b>	<b>\$ 1,001,419,437</b>
585 kwh per month	\$ 136	\$ 144	\$ 187	\$ 202	\$ 231	\$ 900
700 kwh per month	\$ 164	\$ 173	\$ 224	\$ 242	\$ 277	\$ 1,080
850 kwh per month	\$ 199	\$ 210	\$ 272	\$ 294	\$ 336	\$ 1,312
1000 kwh per month	\$ 234	\$ 247	\$ 320	\$ 346	\$ 396	\$ 1,543