MEMO

TO: Energy Efficiency Council
FROM: EEC Consultant Team
DATE: February 19, 2026
RE: Rhode Island 2025 Climate Action Strategy Report Summary

OVERVIEW

The Rhode Island 2025 Climate Action Strategy ("the Strategy") was developed in response to the Act on Climate's requirement that the state regularly update its emissions-reduction plan and assess progress toward the statutory targets for 2030, 2040, and 2050.[1] Its development spanned more than a year and involved extensive modeling, interagency collaboration, and statewide stakeholder engagement, including more than 20 public meetings and technical sessions, to ensure that Rhode Islanders' priorities, concerns, and lived experiences shaped the policies and actions recommended in the Strategy.

The Strategy is intended to offer the clearest and most comprehensive picture to date of how the state intends to meet the Act on Climate's statutory emissions-reduction requirements. At its core, the Strategy asserts that Rhode Island can still meet the 2030 target of a 45% reduction below 1990 levels under the Current Policy scenario—but only if the state's existing programs, including its energy efficiency portfolio, maintain their existing levels despite significant federal uncertainty. For the Energy Efficiency Council (EEC)[2], this means that efficiency programs are not simply supportive elements of the statewide climate strategy—they are foundational to its success and increasingly important as other policy levers face instability.

The Strategy emphasizes that the energy transition must remain affordable for households and equitable for historically underserved communities. Energy efficiency plays a particularly important role in advancing both objectives, especially because the Strategy finds that oil-to-electric customers can often experience bill savings, whereas gas-to-electric customers may face bill increases unless electrification is paired with weatherization, rate reform, and smart controls. This framing positions the EEC's work at the center of achieving emissions-reduction mandates without compromising affordability.

SUMMARY OF THE STRATEGY, ITS SCENARIOS, AND ITS FINDINGS

At the heart of the Strategy are two modeled scenarios. The first—the Current Policy scenario—examines Rhode Island's emissions trajectory if all existing state policies, regulations, and programs are implemented as designed. These include the Renewable Energy Standard (RES, requiring 100% renewable retail electricity by 2033), heat-pump and EV incentive programs, the adoption of Advanced

[1] For more information on the Climate Action Strategy and its development, visit https://climatechange.ri.gov/act-climate/2025-climate-update

[2] All materials associated with the Energy Efficiency Council are the work of the "Energy Efficiency and Resource Management Council" and any public meetings materials posted on the RI Secretary of State website should be searched using that title.

Clean Cars II (ACCII) and Advanced Clean Trucks (ACT) rules, and ongoing carbon-sink preservation (e.g. carbon sequestered from natural and working lands such as forests). Under these assumptions, Rhode Island is on track to meet its 2030 emissions target, achieving a 45% reduction below 1990 levels. However, the state falls short in later years, with reductions reaching roughly 63% by 2040 and 71% by 2050—highlighting that existing efforts alone are insufficient to deliver the 2040 and 2050 statutory requirements.

The second scenario—the Act on Climate scenario—is not intended as a prediction but rather as an illustrative pathway showing what would need to occur for the state to fully meet all targets through mid-century. This pathway requires more extensive and accelerated transformations across multiple sectors. It includes deeper transportation electrification well beyond the ACCII/ACT requirements, widespread adoption of clean heating technologies and building retrofits, electrification and efficiency improvements in industry, and increased reliance on renewable fuels for remaining hard-to-electrify uses. Under this scenario, emissions fall at the pace necessary to meet the 2030, 2040, and 2050 targets, demonstrating that achieving the Act on Climate mandates will require changes that exceed what is currently in place.

BUILDINGS AND ENERGY EFFICIENCY IN THE STRATEGY

The Strategy identifies the buildings sector—including residential, multifamily, and commercial buildings—as one of Rhode Island's largest sources of greenhouse-gas emissions, driven primarily by fossil-fuel combustion for space heating and water heating. In 2022, about 84% of building emissions came from the use of natural gas and heating oil in these end uses, making buildings a critical sector for achieving near-term and long-term emission reductions under the Act on Climate.

The Strategy emphasizes that energy efficiency and building electrification are dual pillars of the state's decarbonization pathway. Efficiency measures—including weatherization, air sealing, insulation, and improved appliance performance—are described as essential for reducing thermal loads, lowering heating costs, and enabling electrified heating systems (particularly heat pumps) to operate effectively. The Strategy underscores that these measures not only cut emissions, but also mitigate customer bill impacts, improve comfort, and advance equity for low-income and high-energy-burden households.

CURRENT POLICY SCENARIO

Under the Current Policy scenario, building-sector emissions reductions through 2030 are driven primarily by two existing mechanisms:

1. **State Energy Efficiency Programs** – Modeled using assumptions from the 2026 Annual Energy Efficiency Plan, which includes ~72 GWh of annual electricity savings and 183k MMBtu of annual natural gas savings and weatherizing ~5,500 homes per year. These measures reduce heating and cooling demand and directly lower fossil-fuel consumption.
2. **Clean Heat Rhode Island (CHRI) heat pump incentives** – The Strategy assumes that CHRI remains the major driver of residential heat pump adoption between 2026 and 2030. CHRI exhausted its initial $25 million in early 2025, and an additional $10 million is allocated in

modeling across 2026–2030. This funding is projected to produce moderate but meaningful heat-pump adoption by 2030.

Under Current Policy, by 2050, only about 16% of homes are estimated to have heat pumps as their primary heating system, and many homes remain reliant on natural gas and fuel oil. This scenario demonstrates that while current programs (as modeled) could be strong enough to help Rhode Island remain on track for 2030, they are insufficient to meet the 2040 (80%) and 2050 (net-zero) mandates without additional measures.

The Strategy also highlights the importance of weatherization and energy-efficiency retrofits in reducing customer bills, especially for oil-heated households, while cautioning that gas-to-electric conversions may lead to bill increases without accompanying efficiency or rate-design solutions. This underscores the need for efficiency to remain tightly integrated with electrification.

ACT ON CLIMATE SCENARIO

The Act on Climate scenario is designed to show what would be required for Rhode Island to fully comply with its statutory targets. For buildings, this pathway requires a far more ambitious and accelerated transition, including:

- **Full transformation of heating technologies:** Nearly 100% of buildings adopt heat pumps by 2050, with about 36% of those installations functioning as hybrid systems using retained fossil-fuel equipment only on the coldest days.
- **Rapid scale-up of heat pump adoption:** Annual heat pump sales must rise from ~3,000 units in 2025 to roughly 15,000 per year by 2030, resulting in approximately 70,000 cumulative installations by 2030—a significant increase over Current Policy expectations.
- **Much deeper levels of weatherization and efficiency:** By 2050, 62% of pre-2025 homes would receive envelope upgrades, and heating demand across the residential sector would fall by roughly 10%, even as homes convert from fossil systems to electric heat pumps. Efficiency is treated as indispensable to controlling electric peak load, moderating bills, and ensuring the grid can support widespread electrification.

The Act on Climate scenario also assumes broad consideration of new policy frameworks such as Building Performance Standards (BPS) and a Clean Heat Standard (CHS), along with more aggressive electrification across commercial buildings and industrial heat uses. While not presented as concrete commitments, these tools illustrate the scale and type of change needed if Rhode Island is to close the emissions gap left under Current Policy.

OVERALL ROLE OF BUILDINGS AND EFFICIENCY

Taken together, the Strategy conveys several overarching messages about buildings and energy efficiency:

- **Buildings are one of the largest and most difficult sectors to decarbonize**, and their transformation is essential for meeting all statutory targets, particularly after 2030.

- **Energy efficiency is foundational, not optional:** it reduces energy demand, keeps customer costs manageable, enables successful electrification, and supports equity goals.
- **Current Policy could deliver 2030**, but failing to scale weatherization, electrification, and efficiency beyond current program levels will leave Rhode Island far short of 2040 and 2050 mandates.
- **Act on Climate compliance requires a rapid scale-up** in building retrofits, heat pump adoption, and efficiency investments well above today's levels, alongside potential new regulatory and market mechanisms.

In short, the Strategy makes clear that Rhode Island cannot meet its climate mandates without transforming its building stock, and that energy efficiency stands at the center of that transformation in both modeled futures—moderate under Current Policy, and transformative under the Act on Climate pathway.

FEDERAL CONTEXT AND WHY EFFICIENCY BECOMES MORE IMPORTANT

Throughout the Strategy, federal policy uncertainty is treated as a major risk factor. Recent federal actions—including the termination of EV tax credits, attempts to revoke California's waiver underlying ACCII/ACT, and broader headwinds for offshore wind and renewable energy incentives—are expected to raise costs, slow adoption, and reduce the effectiveness of state-level programs. For the EEC, this emphasizes that efficient, demand-reducing measures are more essential than ever as hedges against rising RES compliance costs, infrastructure investment needs, and peak-season electric loads.

Under a sensitivity analysis where ACCII/ACT cannot be implemented due to federal rollback, Rhode Island would fall to a 43% emissions reduction by 2030, missing the target without deeper contributions from buildings and efficiency. The Strategy does not explicitly propose expanding efficiency to fill that gap, but the modeling strongly implies that efficiency programs will have to compensate if transportation emissions cannot be reduced as planned.

IMPLICATIONS FOR THE ENERGY EFFICIENCY COUNCIL

For the EEC, the Strategy is both a validation of the Council's central role and a call for heightened ambition. To keep Rhode Island on the 2030 trajectory, the Council must ensure that the efficiency savings embedded in the modeling—drawn from the 2026 Plan—are achieved or surpassed. Several programmatic implications follow naturally:

- The Council will need to push for sustained or expand weatherization throughput, with particular attention to addressing pre-weatherization barriers, which remains a hurdle for many homes looking to weatherize their homes which of course is an essential step in enabling electrification upgrades.
- Given the Strategy's finding that oil-heated homes stand to see bill savings from electrification, targeting these homes early can deliver emissions reductions while strengthening the economic case for heat pump deployment.

- For gas-heated homes, the Council should prioritize "heat-pump-ready" packages—deep shell measures paired with smart controls and ongoing advocacy for heat-pump-friendly rate structures—to avoid adverse bill outcomes and support equitable electrification.
- Because CHRI is expected to remain a critical lever for heat pump adoption in the short term, the EEC should work with OER and other partners to ensure that CHRI funding is optimized and complemented by the forthcoming New England Heat Pump Accelerator[3], even though the Strategy does not credit the Accelerator's impacts in its Current Policy assumptions.
- Finally, the Strategy underscores the need for increased workforce training and high-quality installation practices to ensure that efficiency and electrification measures deliver expected performance and emissions reductions over time.

POTENTIAL ALIGNMENT CHALLENGES BETWEEN ASSUMPTIONS AND POLICY REALITIES

It's worth emphasizing that the Strategy's Current Policy scenario assumes a level of building-sector energy-efficiency performance that is noticeably higher than what Rhode Island's efficiency programs are currently delivering. In the Strategy, "maintaining and adjusting" state energy efficiency incentives is associated with roughly 1.4 million metric tons of CO_2e reductions by 2050—about 56,000 tons per year on average. By contrast, 2024 actual EE program performance delivered only about 46,000 tons, and the recently approved 2026 EE Plan is projected to achieve just 27,000 tons. These figures illustrate a substantial gap between what the Strategy assumes existing energy efficiency programs will deliver and what current budgets, designs, and capacities are actually positioned to achieve—creating risk that the Current Policy emissions trajectory for buildings may not materialize without additional support for strengthened energy efficiency performance.

Furthermore, the Governor's FY2027 budget proposal introduced several energy-policy changes that if approved would diverge from many of the Strategy's modeled assumptions and statutory decarbonization pathways. Most notably, the proposal would place a $75-million cap on energy efficiency programs for at least the next three years, even though the Strategy's Current Policy scenario assumes continued—and in some cases expanded—efficiency investment as a foundational emissions reduction mechanism. The proposal would also delay Rhode Island's 100% RES target from 2033 to 2050, a substantial shift from the Strategy's reliance on timely RES compliance to drive electric-sector decarbonization and enable emissions reductions from electrification. In addition, the proposal also includes adjustments to net-metering and other renewable-energy programs, which may make the Strategy's expectation of expanded distributed generation as part of meeting near- and long-term climate mandates more difficult.

[3] A five-state regional initiative – led by Connecticut in partnership with Massachusetts, Maine, New Hampshire, and Rhode Island – created to dramatically increase residential hat pump adoption across the region. It is primarily funded through the federal Climate Pollution Reduction Grants (CPRG) program and was launched in late 2025 with $450 million in support. For more information, visit: https://portal.ct.gov/deep/energy/new-england-heat-pump-accelerator

CONCLUSION

Rhode Island's 2025 Climate Action Strategy offers a view of what it will take for the state to meet its legally binding emissions-reduction mandates, and it underscores that energy efficiency is indispensable to both near-term compliance and long-term decarbonization. For the Energy Efficiency Council, the Strategy affirms a central truth: without sustained and expanded efficiency progress—especially in buildings—Rhode Island cannot remain on track for 2030, nor build the foundation needed for deeper reductions through 2040 and 2050. At the same time, the Strategy highlights growing risks that could undermine this trajectory. Federal rollbacks threaten key assumptions embedded in the modeling, and recent state-level policy proposals, including caps on efficiency funding and delays to the RES, would materially weaken the very pathways the Strategy identifies as necessary for success.

Rhode Island has a narrow but achievable path to meeting its 2030 target under the Current Policy Scenario, yet that path relies on performance levels that exceed what current program budgets and designs can deliver—and it assumes policy continuity that is now in question. It is more important than ever to protect and strengthen the state's energy efficiency framework, prioritize solutions that align long-term affordability with decarbonization, and ensure that program delivery keeps pace with the Strategy's expectations. In a moment of heightened uncertainty, consistent and ambitious action on energy efficiency is among the most reliable tools the state has to stabilize costs, reduce emissions, and uphold its commitments under the Act on Climate.