

MEMO

CONSULTANT TEAM

TO: Energy Efficiency Council
FROM: EEC Consultant Team
CC: Office of Energy Resources
DATE: February 19, 2026
RE: Rhode Island Legislative Updates



1. PURPOSE

This memo provides the Energy Efficiency Council (EEC)¹ with a high-level overview of current legislative activity related to the Council's statutory responsibilities. This memo is intended to:

- Summarize the most notable proposals in the Governor's budget and recent legislation
- Provide context to inform the development of EEC policy recommendations
- Support potential Council actions, such as drafting informational letters to policymakers

Per its enabling legislation, the Council offers policy recommendations through its Annual Report to the Governor and General Assembly. Because the Annual Report is typically finalized in June, near the end of the legislative session, recommendations often arrive too late to meaningfully inform legislative decision-making. In 2026, the Council aims to deliver its policy recommendations earlier in the session.

The Consultant Team will continue to monitor legislative activity and update the Council as appropriate. More information on the Rhode Island General Assembly is available at: <https://www.rilegislature.gov/>.

2. KEY TAKE AWAYS

Important themes emerging across the Governor's proposed budget for Fiscal Year 2027 and bills recently introduced in the legislature:

- **Affordability vs. investment** – Several proposals seek to provide near-term utility bill relief to customers while constraining long-standing funding mechanisms.
- **Support for building-sector policy tools** – Multiple bills focus on building electrification, benchmarking, and performance standards as core climate strategies.
- **Evolving governance and funding structures** – Some proposals would significantly alter how energy efficiency (and other) programs are funded, overseen, and implemented.

3. EXECUTIVE ORDER 26-01

On February 9, 2026, Governor McKee signed [Executive Order 26-01](#), which directs state energy agencies to review Rhode Island's net metering and Renewable Energy Growth programs with the goal of controlling electric ratepayer costs while maintaining alignment with emissions-reduction objectives.

The Office of Energy Resources (OER), in consultation with the Division of Public Utilities and Carriers (DPUC), the Public Utilities Commission (PUC), utilities, and stakeholders, must evaluate ratepayer,

¹ 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.

fiscal, and system impacts and propose potential program modifications. Near-term amendment options for virtual net metering are due by late April 2026, with a broader review completed by October 1, 2026.

The order also requires the DPUC to “evaluate and communicate the anticipated ratepayer impacts of all significant energy legislation under consideration by the General Assembly to ensure that policy makers, stakeholders, and the public have a clear and timely understanding of the potential effects of such proposals on utility rates, customer bills, and overall energy affordability.”

4. GOVERNOR’S FISCAL YEAR 2027 BUDGET

The following summarizes key elements of the Governor’s budget proposal related to energy efficiency and associated energy programs. These changes are part of a broader “Affordability for All” package that also affects renewable energy standards, net metering, and other ratepayer funded programs.

The Administration estimates approximately \$151 million in savings in FY 2027 and more than \$1 billion over five years across all proposed energy initiatives. Of that total, changes related to energy efficiency would account for about \$21 million in FY 2027 savings and \$105 million over five years – primarily through a proposed cap on energy efficiency charges. Additional energy efficiency related savings would come from cutting funding allocated from the Energy Efficiency Fund to the Rhode Island Infrastructure Bank (RIIB) for clean energy programs from \$5 million to \$2.5 million.

These estimates reflect reductions in program charges but, critically, ***do not account for the medium- and long-term benefits that will be foregone in pursuit of the near-term savings***, delivered by robust energy efficiency programs – including lower long-term energy bills, avoided system costs, and economic and environmental benefits.

For more information, please refer to the following links:

- [FY 2027 Governor’s Budget – OMB](#)
- [FY 2027 Governor’s Budget – Legislation](#)
- [OER/DPUC 2/10/2026 Senate Finance Presentation](#)

4.1 CAP ON ENERGY EFFICIENCY PROGRAM CHARGES

- Caps the cumulative energy efficiency charges collected through ratepayer bills at \$75 million per year for the 2027-2029 triennial plan.
- Represents a scale-back of 24% below planned 2026 investment levels and 48% below the average of the past five years.
- Allows the PUC to adjust the energy efficiency charge collected in future years, but increases would be capped in alignment with changes in the Consumer Price Index energy category, which can be volatile year-to-year.
- The Administration estimates \$21 million in FY 2027 savings and \$105 million over five years. This estimate appears to represent the difference between the \$75 million proposed cap and approximately what was approved for energy efficiency programs in 2026.



Key considerations:

- The reduced funding level would significantly scale back energy efficiency programs – resulting in lower energy savings, reduced opportunities for ratepayers to reduce their energy bills over time, fewer jobs, and diminished environmental, health and comfort benefits.
- Energy efficiency has the potential to reduce overall system costs, puts downward pressure on electric and gas rates, and helps avoid or defer expensive energy infrastructure investments. Capping energy efficiency forces reliance on higher-cost supply-side resources and shifts greater cost risk to customers over time.
- Energy efficiency lowers wholesale energy prices, improves system reliability, and reduces exposure to fuel price volatility. These system-wide benefits are especially important during periods of sustained high energy costs and help reduce energy burdens, particularly for participating low- and moderate-income households.
- Energy efficiency is among the most cost-effective, scalable, and reliable tools for successfully implementing the state’s Climate Action Strategy and meeting legally binding emissions mandates. Lower investment levels could also constrain Rhode Island’s ability to meet climate, equity, and affordability goals that assume robust efficiency deployment.

4.2 LEAST COST PROCUREMENT EXTENSION & SHIFT TO TRIENNIAL PLANS

- Extends Least Cost Procurement (LCP) and Systems Benefit Charges through 2038.
- Shifts energy efficiency planning from annual to triennial cycles.
- Utility would still file an annual funding mechanism each year of the three-year period, to be approved by the PUC.
- Adds the DPUC as a body that the utility can consult with when developing plans.
- Reduces the frequency of the EEC-conducted public review meeting for the combined heat and power program from annual to triennial.

Key considerations:

- Moving to a binding three-year plan would shift focus to program delivery, support longer-term planning provide greater market certainty, and may improve administrative efficiency – while remaining consistent with regional practice.

- Triennial planning may limit near-term flexibility and lock in assumptions despite evolving conditions.

4.3 CHANGES TO THE PERFORMANCE INCENTIVE MECHANISM

- Updates the Least Cost Procurement statute by revising how the PUC is directed to design the utility's performance incentive mechanism.
- Shifts from a focus on "mitigating the cost and variability of electric and gas services through procurement portfolios" to "the sharing of net benefits based on a set of prioritized categories that maximize electric and gas ratepayer savings."

Key considerations:

- Impacts will depend on if or how PUC changes its priorities and how it structures the incentive framework.
- This shift may place greater emphasis on near-term bill impacts relative to longer-term risk mitigation, system planning, resilience, or non-price benefits.
- Utility investment decisions may change depending on how benefits are defined and weighted.

4.4 ENERGY BENCHMARKING AND PERFORMANCE STANDARDS PROGRAM

- Establishes a new energy benchmarking and performance standards program for large state-owned, state-occupied buildings (25,000+ sq. ft.).
- Requires ongoing energy use tracking and annual public reporting of energy use and emissions beginning in 2029.
- Directs the Office of Energy Resources to set facility-specific emissions performance standards by 2030, with compliance extending through 2050.
- Includes compliance reporting, corrective action plans, and limited exemptions for facilities deemed infeasible.
- Creates a voluntary energy benchmarking program for large municipal and school buildings.

Key Considerations:

- Implementation will require new administrative capacity and sustained coordination across state agencies.
- Performance standards are informed by cost-benefit and fiscal impacts, but funding sources for compliance are not specified.
- Emissions reductions will depend on timely implementation and capital investment in building upgrades.

4.5 REDUCED FUNDING TO RHODE ISLAND INFRASTRUCTURE BANK

- Reduces funding allocated from the Energy Efficiency Fund to the Rhode Island Infrastructure Bank (RIIB) for clean energy programs from \$5 million to \$2.5 million.
- Affects financing and technical assistance for energy efficiency, renewable energy, clean transportation, clean heating, energy storage, and demand-side management projects.

Key considerations:

- Reduced RIIB funding may limit municipal, business, and household access to affordable financing and technical support.

- This cut may disproportionately affect smaller communities and customers that rely on RIIB programs to implement clean energy projects.

4.6 BOND FUNDING FOR ENERGY EFFICIENCY INFRASTRUCTURE

- Proposes a \$50 million Green Economy and Clean Energy bond – with approximately \$10 million to support the energy efficiency program efforts by OER.

Key considerations:

- Bond funding is one-time, uncertain, and subject to voter approval, making it an unreliable substitute for ongoing program funding.
- The proposed amount of \$10 million is not sufficient to offset the scale of reductions to ratepayer-funded energy efficiency investments.

4.7 REFORMS TO RENEWABLE ENERGY STANDARD

- Pushes back the deadline for the state’s Renewable Energy Standard (RES), which commits to procuring 100% of its electricity from renewable and zero-emission resources, from 2033 to 2050.
- The Administration estimates ratepayers would save \$62 million in 2027 from this extension, and a combined \$572 million by the end of 2031.

Key considerations:

- Compared to other sectors, the electricity sector has been on largely track to meet Act on Climate targets. Adjustments to the RES timeline could influence overall emission reduction progress.
- Delaying the 100% RES target may shift the timing of new clean energy procurement, investment, and potential job creation opportunities.

4.8 REFORMS TO NET METERING PROGRAM

- Establishes a new monthly “grid access fee” and reduces compensation rates for large renewable energy projects over 1 MW – for existing and future net metering systems.
- The Administration estimates ratepayers would save \$35 million in 2027, and \$175 million by the end of 2031.

Key considerations:

- May affect municipalities, housing authorities, higher education institutions, hospitals, and other virtual net metering customers with existing discounted power agreements.
- Retroactive and structural changes to compensation may affect project economics, existing customer agreements, and overall market certainty for renewable energy development.
- 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.

4.9 OTHER RELEVANT PROPOSALS

- Mandates the utility’s participation in ISO-NE, eliminating a ~\$158K shareholder bonus that the company receives for voluntary participation.
- Transfers administration of the U.S. Department of Energy Weatherization Assistance Program from the Department of Human Services to the Office of Energy Resources.

5. PROPOSED 2026 LEGISLATION

5.1 NEXT GENERATION PUBLIC BUILDINGS ACT

<u>House Bill 7081</u> / <u>Senate Bill 2529</u> – An Act Relating to Health and Safety		
<i>Requires new and substantially renovated state and municipal buildings that are open to the public to be all-electric.</i>		
<ul style="list-style-type: none"> • Applies to new construction, major renovations (>50% of value), and building expansions commencing on or after January 1, 2028. • Prohibits combustion-based heating for air and water heating. • Requires alignment with Act on Climate and updated state building and energy codes. • Includes exemptions for emergency backup power and certain specialized facilities. • Allows municipalities to seek hardship waivers. 		
	House	Senate
Sponsors	Boylan, Kislak, McGaw, Handy, Fogarty, Spears, Speakman, Cortvriend, Carson	Urso, Britto, Gu, DiMario, Vargas, Kallman, Acosta, Ujifusa, Bell
History	1/14/2026: Introduced, referred to House Municipal Government & Housing	2/13/2026: Introduced, referred to Senate Environment and Agriculture

5.2 DUTIES OF UTILITIES AND CARRIERS

<u>House Bill 7174</u> / <u>Senate Bill 2516</u> – An Act Relating to Public Utilities and Carriers		
<i>Repeals the statutory energy efficiency charge that funds Rhode Island’s energy efficiency programs.</i>		
<ul style="list-style-type: none"> • Eliminates electric and gas energy efficiency charges and terminates efficiency funding accounts. • Removes statutory funding for program administration and oversight (EEC, OER). • Eliminates required transfers to RIIB for efficiency-related financing. • Does not establish a replacement funding or governance framework. • Takes effect immediately upon passage. 		
	House	Senate

Sponsors	Paplauskas, Fascia, Hopkins, Santucci, Place, Roberts, Newberry, Brien, Quattrocchi, Nardone	de la Cruz, Rogers, Morgan, Paolino, Patalano, Raptakis, Tikoian, Ciccone, Appollonio
History	1/21/2026: Introduced, referred to House Corporations	2/13/2026: Introduced, referred to Senate Commerce

5.3 BUILDING BENCHMARKING AND REPORTING ACT OF 2026

<u>House Bill 7183 / Senate Bill 2260 – An Act Relating to Health and Safety</u>		
<i>Establishes a statewide building energy benchmarking and reporting program for large buildings.</i>		
<ul style="list-style-type: none"> • Applies to residential and non-residential buildings ≥25,000 sq. ft. • Requires annual reporting using EPA’s ENERGY STAR Portfolio Manager. • Phased implementation beginning in 2028 based on building size. • OER responsible for standards setting, program administration, outreach, and public reporting, with Green Buildings Advisory Committee advising. • Emphasizes incentives-first enforcement, with fines no earlier than 2031. • Allows existing municipal benchmarking programs to continue. • Has been introduced in past years. • Governor’s budget includes a similar proposal. 		
	House	Senate
Sponsors	Kislak, Fogarty, Carson, McGaw, Boylan, Speakman, Cortvriend, Handy, Bennett, Donovan	Kallman, Britto, DiMario, Gu, Valverde, Lauria, Euer, Vargas, Urso, Mack
History	1/21/2026: Introduced, referred to House Environment and Natural Resources	1/23/2026: Introduced, referred to Senate Housing and Municipal Government

5.4 BUILDING PERFORMANCE STANDARDS ACT OF 2026

<u>House Bill 7184 / Senate Bill 2218 – An Act Relating to Health and Safety</u>		
<i>Directs the development of mandatory building performance standards for large buildings to reduce greenhouse gas emissions.</i>		
<ul style="list-style-type: none"> • Applies to large existing buildings (≥25,000 sq. ft.). • Establishes interim and final performance standards aligned with net-zero by 2050. • Administered by OER with emissions-based enforcement by DEM. • Includes flexibility mechanisms (alternative compliance plans, waivers). • Creates a dedicated Building Performance Standards Fund. • Includes explicit equity protections and advisory bodies. 		
	House	Senate

Sponsors	Kislak, Handy, Fogarty, Cortvriend, McGaw, Potter	Kallman, Valverde, Lauria, DiMario, Euer, Vargas, Gu, Mack, Britto
History	1/21/2026: Introduced, referred to House Environment and Natural Resources	1/23/2026: Introduced, referred to Senate Environment and Agriculture

5.5 OTHER BILLS RELATED TO ENERGY EFFICIENCY

<u>Senate Bill 2122 / House Bill 7067</u> – Real Estate Sales Disclosures – An Act Relating to Businesses and Professions		
<i>Modifies the real estate sales disclosure form to include the disclosure of “blower door diagnostic air leakage testing” and advises that air leakage testing is recommended prior to purchasing a residential unit.</i>		
	House	Senate
Sponsors	McGaw, Carson, Boylan, Speakman, Kislak, Tanzi, Handy, Cotter, Cortvriend, Spears	Gu, Zurier, Vargas, Kallman, Valverde, Urso, Thompson, Bell
History	1/14/2026: Introduced, referred to House Corporations 1/27/2026: Committee recommended measure be held for further study	1/16/2026: Introduced, referred to Senate Housing and Municipal Government

<u>Senate Bill 2229</u> – An Act Relating to Education – School Funds and Property		
<i>Directs the department of education to develop and adopt regulations for energy capable school buildings.</i>		
	House	Senate
Sponsors	n/a	Pearson, Gallo, DiPalma, Valverde, Euer, DiMario
History	n/a	1/23/2026: Introduced, referred to Senate Finance

Senate Bill 2520 – Duties of Utilities And Carriers – An Act Relating to Public Utilities and Carriers

Terminates the requirement that the public utilities commission allocate \$5 million annually to the Rhode Island Infrastructure Bank for use with energy efficient programs.

	House	Senate
Sponsors	n/a	Patalano, Dimitri, Thompson, Raptakis, Quezada, Famiglietti, Appollonio, E Morgan, Tikoian, and Paolino
History	n/a	2/13/2026: Introduced, referred to Senate Commerce

House Bill 7530 – State Building Code – An Act Relating to Health and Safety

Exempts homes under two thousand (2,000) square feet from automatic statewide IECC energy mandates, allowing municipalities to decide whether to adopt climate-focused building code requirements for small and modest homes.

	House	Senate
Sponsors	Quattrocchi, Fascia, Nardone, Santucci, Paplauskas, Perez, Place, Chippendale, Cotter, Hopkins	n/a
History	2/6/2026: Introduced, referred to House Environment and Natural Resources	n/a

House Bill 7655 – Residential Landlord And Tenant Act – An Act Relating to Property

Permits a tenant, at the tenant’s expense, to implement energy conservation measures to any dwelling or dwelling unit such as removable weather-stripping around doors and windows

	House	Senate
Sponsors	Handy, Fogarty, Cortvriend, Batista, and Sanchez	n/a

History	2/11/2026: Introduced, referred to House Judiciary	n/a
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<u>House Bill 7738</u> – State Building Code – An Act Relating to Health and Safety		
<i>Establishes a moratorium on changes to the state energy conservation code from the 2024 International Energy Conservation Code until January 1, 2031, unless approved by the legislature and made effective by the governor.</i>		
	House	Senate
Sponsors	Cortvriend, McGaw, Speakman, Boylan, and Spears	n/a
History	2/12/2026: Introduced, referred to House Environment and Natural Resources	n/a

<u>House Bill 7774</u> – State Building Code – An Act Relating to Health and Safety		
<i>Amends the state building code and would require that the state adopt the 2024 International Residential Code and prohibit the state building committee from adopting amendments for one to four residential dwelling units until 2030.</i>		
	House	Senate
Sponsors	Speakman, Cortvriend, Casey, Shekarchi, Giraldo, Alzate, Spears, Boylan, Kazarian, and Donovan	n/a
History	2/12/2026: Introduced, referred to House Municipal Government & Housing	n/a

6. ACTIVITY FROM PASSED 2025 LEGISLATION

6.1 WHOLE HOME REPAIRS COMMISSION

Whole Homes Commission – House Resolution Creating A Special Legislative Commission To Study And Provide Recommendations For The Creation Of A Statewide Whole-Home Repairs Program

A special legislative commission established to study and recommend the creation of a statewide whole-home repairs program.

- Established in 2025; includes legislative, agency, housing, and community stakeholders.
- Focused on coordinating housing, health, energy efficiency, and repair needs.
- Has held multiple informational meetings; final recommendations have not yet been released.
- Findings may inform future legislation related to housing stability and energy efficiency integration.