MEMO

CONSULTANT TEAM

TO: Energy Efficiency Council
FROM: EEC Consultant Team
CC: Office of Energy Resources
DATE: July 16, 2026
RE: Rhode Island Legislative Updates

1. PURPOSE

This memo provides the Energy Efficiency Council (EEC)[1] with a high-level overview of key legislative actions from the 2026 session which are related to the Council's statutory responsibilities. This memo is intended to:

- Summarize the components of the Governor's Affordability for All agenda within the State budget and passed legislation
- Provide context to inform the development of EEC future policy positions
- Support potential Council actions, such as drafting informational letters to policymakers

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/.

Important themes emerging across the 2026 legislative session:

- The Governor's proposed cuts to energy efficiency and renewable energy programs were not adopted
- The 100% renewable energy target for 2033 remains intact and the Renewable Energy Standard was expanded to include nuclear and hydropower generation
- The only major renewable energy change is a reduction in the virtual net metering cap from 275 MW to 175 MW
- The establishment of an Energy Benchmarking and Performance Standards Program was approved in the state budget, however, the Governor exercised his veto power to block the Building Benchmarking Reporting Act of 2026
- Legislation that passed includes the Residential Code Adoption and Moratorium and the Thermal Energy Network and Jobs Act

2. UPDATES ON GOVERNOR'S AFFORDABILITY FOR ALL AGENDA

After passage by the General Assembly on June 9, Governor Dan McKee signed the 2027 state budget bill (2026-H 7127Aaa), amounting to $15.2 billion, on June 12.

2.1 CAP ON ENERGY EFFICIENCY CHARGES

[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.

The Governor originally proposed capping cumulative energy efficiency charges collected through ratepayer bills at $75 million per year for the 2027-2029 triennial plan. Lawmakers in both chambers opposed the cap, and energy efficiency budgets will continue to be developed without a predefined, statutory cap and vetted through existing processes.

2.2 LEAST COST PROCUREMENT EXTENSION & SHIFT TO TRIENNIAL PLANS

The Governor's proposal included:

- Extending Least Cost Procurement (LCP) and Systems Benefit Charges through 2038
- Shifting energy efficiency planning from annual to triennial cycles
- Requiring utilities to continue filing an annual funding mechanism each year of the three-year period, to be approved by the PUC
- Adding the DPUC as a body that the utility can consult with when developing plans
- Reducing the frequency of the EEC-conducted public review meeting for the combined heat and power program from annual to triennial

None of these proposed changes were included in the final FY2027 budget. However, both the extension of LCP and the shift from annual to triennial plans would have been welcomed if adopted. It is important to note that legislators will need to prioritize extending LCP early in the 2027 legislative session to ensure LCP is able to continue into the future. Even without a statutory requirement for three-year energy efficiency planning instead of annual planning, it appears that all parties remain able and willing to transition to triennial cycles.

2.3 CHANGES TO THE PERFORMANCE INCENTIVE MECHANISM

The Governor proposed revising the Least Cost Procurement statute to change how the PUC is directed to design the utility's performance incentive mechanism, shifting the focus from "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."

This change was not adopted in the enacted state budget.

2.4 ENERGY BENCHMARKING AND PERFORMANCE STANDARDS PROGRAM

Gov. McKee proposed the establishment of a new energy benchmarking and performance standards program for large state-owned, state-occupied buildings (25,000+ sq. ft.). The program requires ongoing energy use tracking and annual public reporting of energy use and emissions beginning in 2029. It also directs the OER to set facility-specific emissions performance standards by 2030, with compliance extending through 2050. The program includes compliance reporting, corrective action plans, and limited exemptions for facilities deemed infeasible. In the proposal a voluntary energy benchmarking program for large municipal and school buildings was created.

These provisions were approved by the General Assembly and are included in the FY2027 budget.

2.5 REDUCED FUNDING TO RHODE ISLAND INFRASTRUCTURE BANK

In the original budget proposal, funding allocated from the Energy Efficiency Fund to the Rhode Island Infrastructure Bank (RIIB) for clean energy programs was reduced from $5 million to $2.5 million, which would have affected financing and technical assistance for energy efficiency, renewable energy, clean transportation, clean heating, energy storage, and demand-side management projects.

This reduction was not approved and is not included in the FY2027 budget.

2.6 BOND FUNDING FOR ENERGY EFFICIENCY INFRASTRUCTURE

The Governor proposed a $50 million Green Economy and Clean Energy bond, with approximately $10 million to support the energy efficiency program efforts by OER.

The General Assembly expanded the proposal to a $55 million Green Economy Bond; however, the final version does not include the $10 million allocation for OER's energy efficiency program efforts. The Green Economy Bond is allocated as follows:

- Brownfields Remediation and Economic Development - $3 million
- Facility Improvements - $12 million
- Local Recreation Projects - $1 million
- Resilient Rhody Infrastructure Fund - $25 million
- Narragansett Bay Watershed Restoration - $7 million
- Agriculture Land Preservation Commission - $3 million
- Open Space Program - $3 million

2.7 REFORMS TO RENEWABLE ENERGY STANDARD

Gov. McKee proposed to push 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 estimated ratepayers would save $62 million in 2027 from this extension, and a combined $572 million by the end of 2031.

The enacted budget maintains the state to hit 100% zero-emission power by 2033 but expands the definition of clean energy to include existing nuclear and hydropower generation. Starting in 2027, up to 14% of the energy supply can come from these sources and this proportion will increase every year until it hits 20% in 2033.

2.8 REFORMS TO NET METERING PROGRAM

The Governor proposed a new monthly "grid access fee" as well as a reduction in 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.

The only change included in the final budget is a reduction in the cap for future virtual net metering solar projects, lowering the limit from 275 MW to 175 MW.

2.9 OTHER RELEVANT PROPOSALS

The Governor proposed to mandate the utility's participation in ISO-NE, eliminating a ~$158K shareholder bonus that the company receives for voluntary participation. He also proposed to transfer administration of the U.S. Department of Energy Weatherization Assistance Program for the Department of Human Services to the OER.

The ISO-NE participation mandate and bonus elimination were not adopted, however, the transfer of the Weatherization Assistance Program from the Department of Human Services to the OER was approved.

3. KEY BILLS THAT WERE PASSED IN THE 2026 LEGISLATION

This section outlines key bills from this legislative session that were passed by the General Assembly and have relevance to the Council.

3.1 BUILDING BENCHMARKING AND REPORTING ACT OF 2026 (H-7183 / S-2260)

Although the House passed the bill 48–15 and the Senate followed with a 33–5 vote, Gov. McKee exercised his veto authority on June 24 to stop the legislation mandating energy-use reporting for large buildings.

This act would establish a building energy reporting program for covered properties, all residential and non-residential buildings and campuses containing 25,000 or more gross square feet. OER would be responsible for reporting this information to the public to provide transparency to the marketplace. Owners of covered properties would be required to input annual energy use from January 1 through December 31 of the previous calendar year, and all other descriptive information required into a benchmarking tool according to the following schedule:

- Buildings that contain 50,000 or more gross square feet – no later than May 15, 2028 and by every May 15 thereafter
- Buildings that contain 25,000 to 49,999 gross square feet – no later than May 15, 2030 and by every May 15 thereafter

Starting in 2027, OER would notify owners of covered properties of their obligation to input energy use into the benchmarking tool, and by January 31 of each year (starting in 2028), OER would post and publish on their webpage a list of the addresses of covered properties. In addition, OER would host an annual online information session for building owners, municipalities, and other interested parties to provide information about updated policies, procedures, and relevant information related to the program's provisions. OER would deliver a summary report of the program to the general assembly and publish this report on the OER website no later than December 31 of each year starting in 2027.

OER would develop a series of incentives for participation in the benchmarking program which may include:

- Participation required prior to applying for available grant funding from the OER, or grants from any state agency or the RIIB that are directed towards supporting building benchmarking and decarbonization efforts
- Participation certification in public forums, websites, and a logo that may be displayed on the building's website and/or front door
- Other incentives that the OER may develop through regulation

An owner of a covered property could seek an exemption from the requirements for a reporting year through the OER and if any of the following conditions apply:

- None of the property was occupied for the entire calendar year required to be benchmarked
- A demolition permit for the entire property was issued and demolition work commenced during the calendar year
- The property did not receive energy services for the entire calendar year benchmarked

Gov. McKee wrote almost identical letters to Senate President Valarie Lawson and House Speaker Christopher Blazejewski on his reasoning for vetoing the act. In these letters, Gov. McKee referenced conflict between the bill and the benchmarking proposal he put forward early this year, which was included in the fiscal 2027 budget and approved by the General Assembly. The vetoed legislation would require owners of commercial and multi-family buildings that are 25, 000 square feet or larger to report annual energy use, while the Governor's proposal (and what lawmakers approved) limits energy reporting to state-owned buildings over 25,000 square feet. In his letters, McKee states, "the Act imposes new reporting and compliance obligations on private property owners without providing technical assistance or financial support to facilitate compliance. At a time when Rhode Island continues to face housing affordability challenges and businesses are managing rising cost, the Act would create new administrative burdens and potential penalties without the resources necessary to support compliance." Representative Rebecca Kislak and Senator Meghan Kallman, both authors of the bill, vowed that the measure would be revived, either through a veto override or reintroduced at the start of the 2027 session.

3.2 RESIDENTIAL CODE ADOPTION AND MORATORIUM (H-7774 / S-2632)

Passed by the General Assembly and signed by the Governor on June 19, this act amends the state building code. The building code may be promulgated in several sections including an energy conservation code using the International Energy Conservation Code (IECC) and any amendments thereto adopted by the state building standards. By January 1, 2027, the building codes standards committee shall adopt the 2024 International Residential Code, including any amendments, for one to four family dwelling units. On alignment with the 2024 code year basis and as amended by the state building code standards committee, there will be a moratorium on changing any state building code applicable to residential structures of one to four family dwelling units until January 1, 2030. During this time, the state building office cannot enforce any changes to the state building code as amended unless otherwise approved by the general assembly and made effective by the governor.

3.3 THERMAL ENERGY NETWORK AND JOBS ACT (H-7879 / S-3080)

This act was passed by the General Assembly and is effective without the Governor's signature. Thermal energy networks have the potential to contribute to greenhouse gas reduction and just-transition requirements while also potentially reducing operating and future expansion costs. The Thermal Energy Network and Jobs Act will facilitate the study of this technology to determine if these goals can be met by thermal energy network implementation. The public utility (the natural gas utility and/or the electric distribution company that serves over 25,000 ratepayers) within twelve months of the effective date will identify two to twelve potential locations for thermal energy network feasibility studies representing diverse geographies and building types. Within eighteen months of the effective date the public utility must commence at least two feasibility studies in the selected locations. At least one of these locations must be located within or directly benefit an environmental justice focus area (as defined by the Department of Environmental Management). Determination of the location for a feasibility study must also be based on the following factors:

- Greenhouse gas emission reductions
- Cost-effectiveness, including projected energy-cost savings and operations and maintenance costs
- Potential engineering and design requirements
- Potential operations and maintenance requirements
- Ownership of buildings or facilities receiving network benefits
- The degree to which the project benefits communities experiencing disproportionate environmental public health burdens

Diversity in geography, customer class, and average annual consumption of thermal energy will be considered as well by the public utility in the development of their list of initial locations to study. The following locations will be taken into consideration:

- The Port of Providence and surrounding neighborhoods
- Residential, hospital, and healthcare facilities
- Lower South Providence
- Facilities within the jurisdiction of the Rhode Island conventional center authority
- Facilities within the jurisdiction of the Quonset development corporation
- University of Rhode Island campuses
- Aquidneck Island
- The Port of Galilee
- Pastore center campus

The PUC will authorize recovery of reasonable and prudently incurred costs associated with planning and feasibility studies. The PUC may authorize the public utility to use existing demand side management charges for planning, design, and construction of thermal-energy networks. The public utility can also draw upon available state funding including OER and RIIB program and incentives and federal technical-assistance programs to support studies. OER can also use Lead by Example Program funds to support feasibility and engineering studies. Once the public utility determines the studied project is feasible, they can prepare and submit a proposal to the PUC to develop a pilot project that is consistent with the subject and results of the feasibility study.

The PUC will also form a thermal energy network taskforce, which will be the advisory committee to evaluate the results of the feasibility studies and any pilot projects. The taskforce will meet at least quarterly at the PUC, and it will be comprised of twelve members appointed by the PUC. Members will include the commissioner of OER or designee, the administrator of the DPUC or designee, the president of the Rhode Island AFL-CIO or designee, the president of the Rhode Island building & construction trades council or designee, at least two members from a public utility, and five members selected by the PUC. The taskforce's overall purpose will be to advise the PUC and public utility of the deployment of thermal energy networks. They will submit a written report to the PUC, DEM, OER and the general assembly no later than eighteen months following its receipt of the complete results from the feasibility studies.

4. LEGISLATION NOT ADVANCED THIS SESSION

The following bills were introduced during the 2026 legislative session and have relevance to the Council but did not advance out of committee or receive final passage.

4.1 BUILDINGS STANDARDS & CODES

Bill Number	Title	Explanation
H-7184 / S-2218	Building Performance Standards	The act would direct the office of energy resources to develop building performance standards for large buildings in Rhode Island that would cause greenhouse gas emissions to decline in line with the act on climate requirements.
H-7081 / S-2529	Next Generation Public Buildings	This act would prohibit the use of combustion-based heating for air or water heating in any state or municipal building open to the public to be constructed, altered, or renovated on or after January 1, 2028. Systems for emergency back-up power, or buildings specifically designed for occupancy of a commercial food establishment, laboratory, laundromat, hospital, or crematorium, shall be exempt.
H-7739 / S-2765	Green Building Commission Establishment	This act would create the green buildings act commission to consist of seventeen (17) members, responsible for the implementation of the green

		buildings act in consultation with the state building office, building code commission of the Rhode Island department of business regulation.
H-8167 / S-2229	Zero-Energy Capable Schools	This act would provide that not later than June 30, 2027, the department of education would develop and adopt, in consultation with the office of energy resources, regulations requiring all school buildings to meet the standard of zero energy capable, as defined in §16-7-36, by December 31, 2037.
H-7738 / S-3032	Moratorium on Changes to State Building Code	This act would establish 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.
H-7067 / S-2122	Air Leakage Disclosure for Residential Real Estate Sales	This act would modify the real estate sales disclosure form to include the disclosure of "blower door diagnostic air leakage testing" and advise that air leakage testing is recommended prior to purchasing a residential unit.
H-7655	Tenant Energy Conservation Measures	This act would permit 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, removable interior storm windows, or insulation wrap around hot water heating tanks. This section would not permit a tenant to make structural changes to any building.
H-7530	Local Control of Energy Code for Small Homes	This bill 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.

4.2 UTILITY RATES, CHARGES, AND TRANSPARENCY

Bill Number	Title	Explanation
H-7174 / S-2516	Energy Efficiency Charge Repeal	This act would repeal the energy efficiency charge.
S-2012	Transparency in Electric and Gas Bills Act	This act would require electric and gas utilities to provide a detailed breakdown of supply, delivery, and public policy costs on electric and gas bills, including specific costs for renewable energy

		sources, and mandate public comment and PUC approval.
H-7885 / S-2074	PUC Regulatory Powers of Administration Act	This act would require that a conspicuous display be a visual illustration showing each component of the utility bill and the cost associated with each component of said bill, subject to the approval of the division of public utilities (DPUC).
H-7523	Five-Year Moratorium on RE Growth Program Charge, RE Distribution Charge, and EE Programs Public Policy Charges	This act would establish a five (5) year moratorium from July 1, 2026, until June 30, 2031, on the RE growth program charge, renewable energy distribution charge, and the energy efficiency programs public policy charges on electricity bills.
S-2535	PUC to Consider and Adopt Seasonal Heat Pump Rate	Senate Resolution formally requesting the Rhode Island Public Utilities Commission to consider the creation and adoption of seasonal heat pump rate as part of Docket 25-45-GE.
H-7824 / S-2520	RIIB Energy Efficiency Fund Repeal	This act would terminate the requirement that the public utilities commission allocate five million dollars ($5,000,000) annually to the Rhode Island infrastructure bank for use with energy efficient programs.

4.3 RENEWABLE ENERGY, ELECTRIFICATION, AND CLEAN HEAT

Bill Number	Title	Explanation
H-7177 / S-2797	Moratorium on Net Metering, Long-term Contracts, and Subsidies for Heat Pumps	This act would place a moratorium on net metering contracts, subsidies for heat pumps and long-term contracts for the purchasing of solar or wind energy.
S-2793	Lead by Example Act	This act would take several measures to lead by example by banning state purchases of plastic bottles and would require state funds to be used to lease or purchase electric vehicles and renewable energy efficient technologies for use on state property. Annual reports would be required to be filed by January 31 and provided to the Executive Climate Change Coordinating Council (EC4), the speaker of the house of representatives, the president of the senate, and the governor.
H-7912	Rhode Island Clean Heat Standard Act	This act would create the Rhode Island clean heat standards act to implement a system of tradeable

		clean heat credits earned from the delivery of clean heat measures that reduce greenhouse gas emissions.
S-2654	Rhode Island Clean Heat Standard Act	This act would establish the Rhode Island clean heat standards program to implement a system of tradeable clean heat credits earned from the delivery of clean heat measures that reduce greenhouse gas emissions. Compliance of obligated parties with the clean heat standard shall begin by July 1, 2028.
H-8132 / S-2905	Decarbonization Demonstration Initiative Act of 2026	This act would create the multi-unit residential decarbonization initiative program to provide revolving funding for feasibility studies to convert large, multi-family residential units to non-emitting renewable geothermal energy.

4.4 CLIAMTE POLICY AND GOVERNANCE

Bill Number	Title	Explanation
S-2080	Repeal of 2021 Act on Climate	This act would repeal the 2021 Act on Climate which established a statewide greenhouse gas emission reduction mandate in its entirety.
S-2224	Use of Carbon Emissions Removal Technology	This act would require the executive climate change coordinating council to evaluate and make recommendations for the use of carbon emissions removal technology as an alternative approach to reducing carbon emissions and meeting the climate goals set forth in the act on climate.
H-7917	EC4 Mandatory Act on Climate Compliance in State Budgeting and Planning	This act would require that state departments and agencies integrate the recommendations contained in the act on climate strategy report.

4.5 OTHER RELEVANT LEGISLATION

Bill Number	Title	Explanation
H-7877	Appliance and Equipment Energy and Water Efficiency Standards Act of 2021	This act would establish minimum energy and water efficiency standards for appliance and specified equipment purchased or installed after January 1, 2025.
H-7884	Federal Back Stop Language	This act would establish federal back stop language for any provisions of federal law relating to any of

		the energy or water conservation standards issued or approved for publication by the office of the United States Secretary of Energy as of January 19, 2025, in the event that those standards are withdrawn, repealed, or otherwise voided.
H-7610 / S-2631	PUC Comprehensive Study Report	This act would require the public utility commission (PUC) in conjunction with the division of public utilities and carriers (DPUC) to produce a comprehensive study for the general assembly by April 30, 2027, to be transmitted to the governor, speaker of the house and the senate president. The study would require the PUC and the DPUC to review all energy programs, compare them with other states and formulate a plan to lower energy costs for consumers in this state.