

Energy Affordability and the Value of Energy Efficiency

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American Council for an Energy-Efficient
Economy

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ACEEE
Smart Energy. Clean Planet. Better Lives.



The background of the slide is a photograph of a landscape featuring several high-voltage power line towers and their associated cables stretching across the frame. The scene is set against a sky with scattered clouds, and the foreground shows a dark, silhouetted horizon line with some trees and rolling hills. The overall color palette is muted, with a dark blue overlay.

About ACEEE:

The American Council for an Energy-Efficient Economy (ACEEE) is a nonprofit research organization that develops policies to reduce energy waste and combat climate change. Its independent analysis advances investments, programs, and behaviors that use energy more effectively and help build an equitable clean energy future.

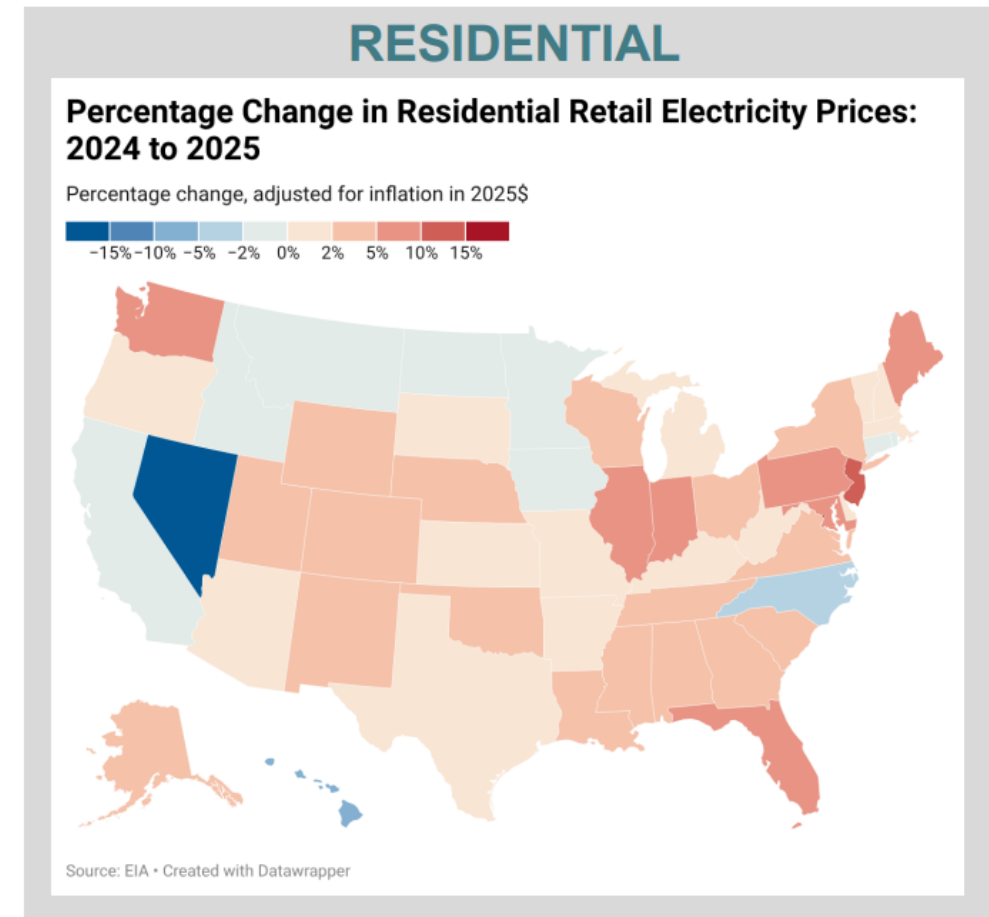
Learn more at [aceee.org](https://www.aceee.org)

Outline

- The value of energy efficiency
- Rhode Island energy metrics
 - Energy burden and energy insecurity
 - Energy expenditures and energy consumption
 - Energy efficiency
- Energy imports and economic impacts

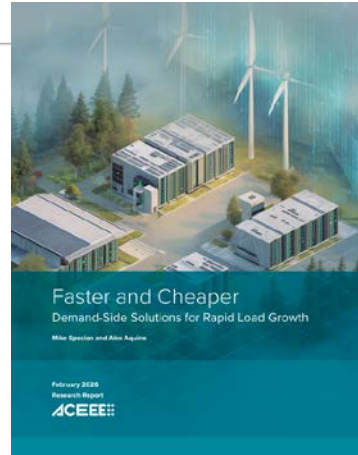
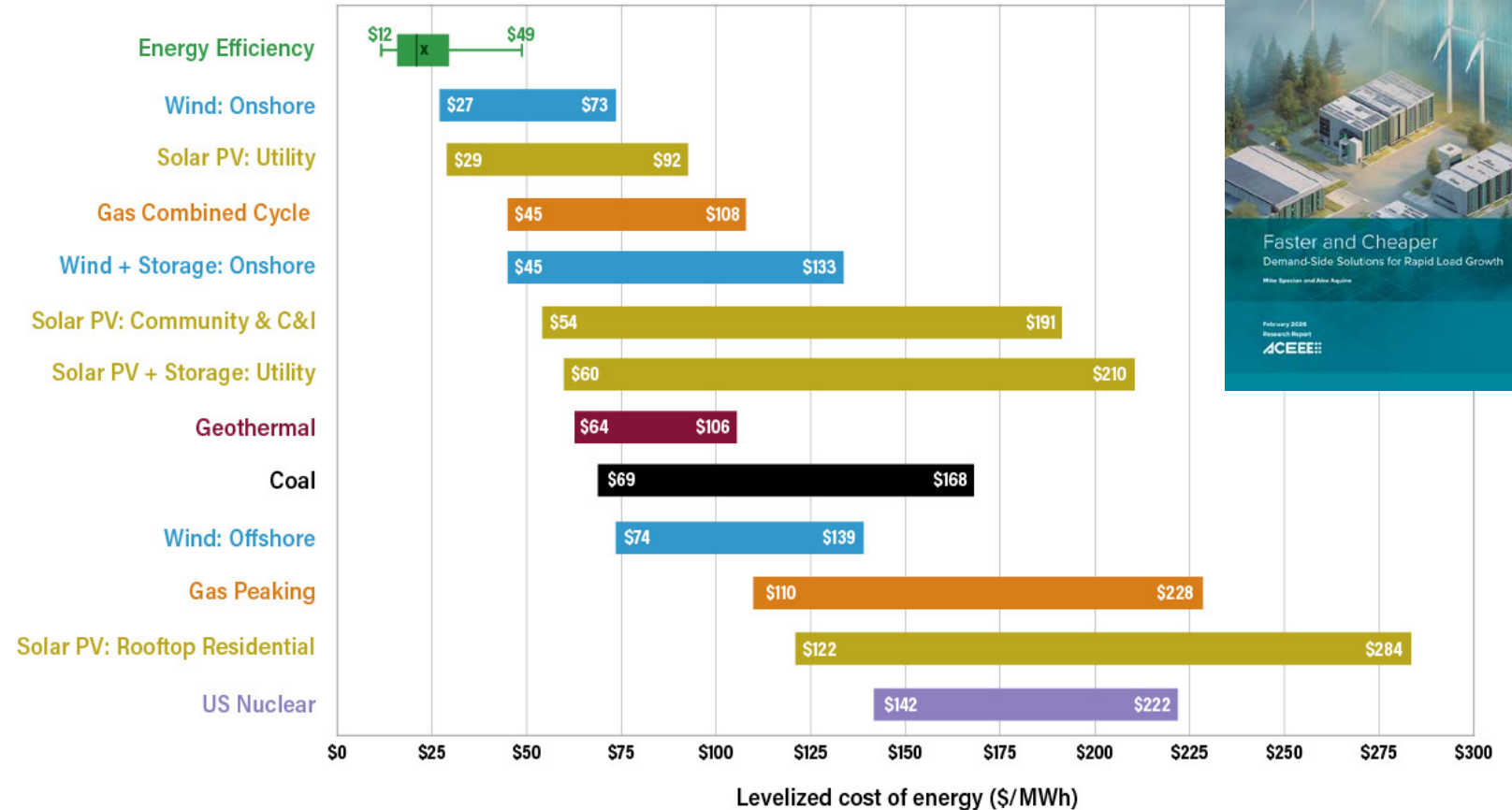
In an era of concerns around energy affordability, how do we communicate the benefits of efficiency?

- Most states in the U.S. experienced residential energy price increases in the last year faster than inflation
- 1 in 6 households are already behind on their energy bills
- **Efficiency is one of the only direct levers that a household has available to reduce their energy bills**



Scaling energy efficiency investments can reduce overall resource costs

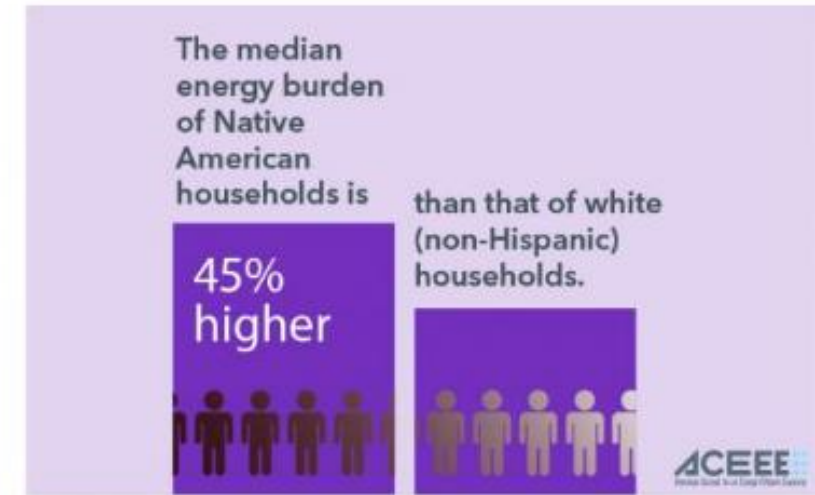
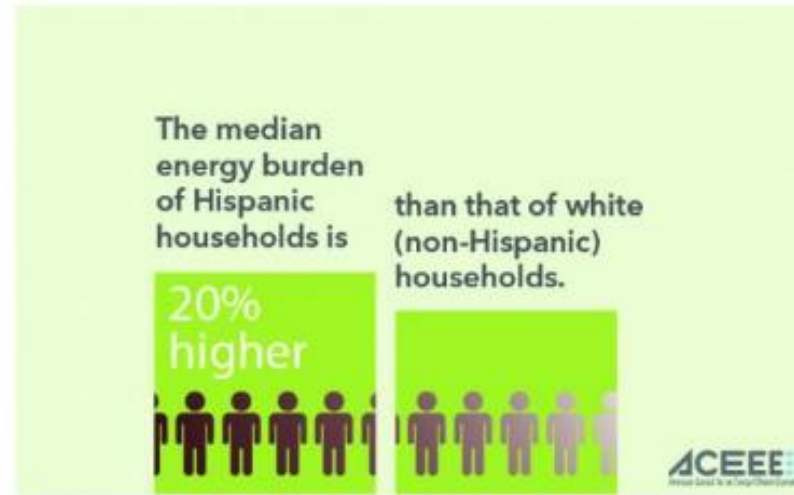
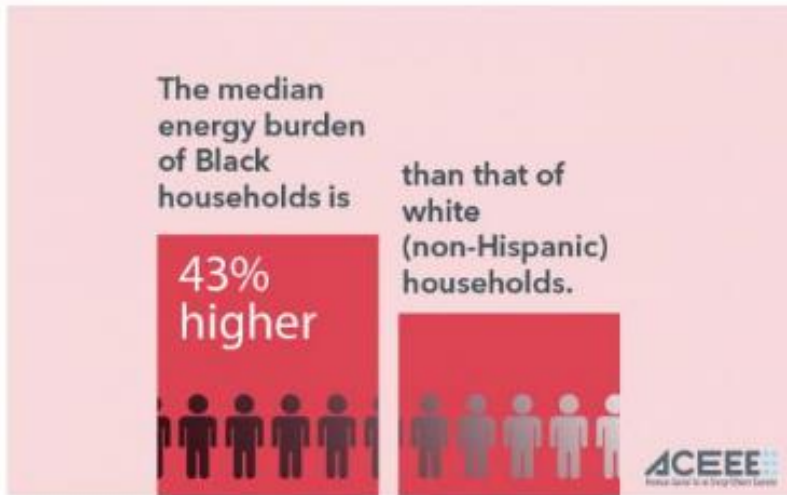
- Energy efficiency is the least cost resource when compared to other supply-side resources (\$21/MWh).
- Demand-side load flexibility programs achieve peak reduction at \$45/kW-year
 - Compared to \$52 - \$86/kW-year for the least expensive supply-side alternative.
- DSM resources hedge against risk (e.g., cost increases and procurement wait times).



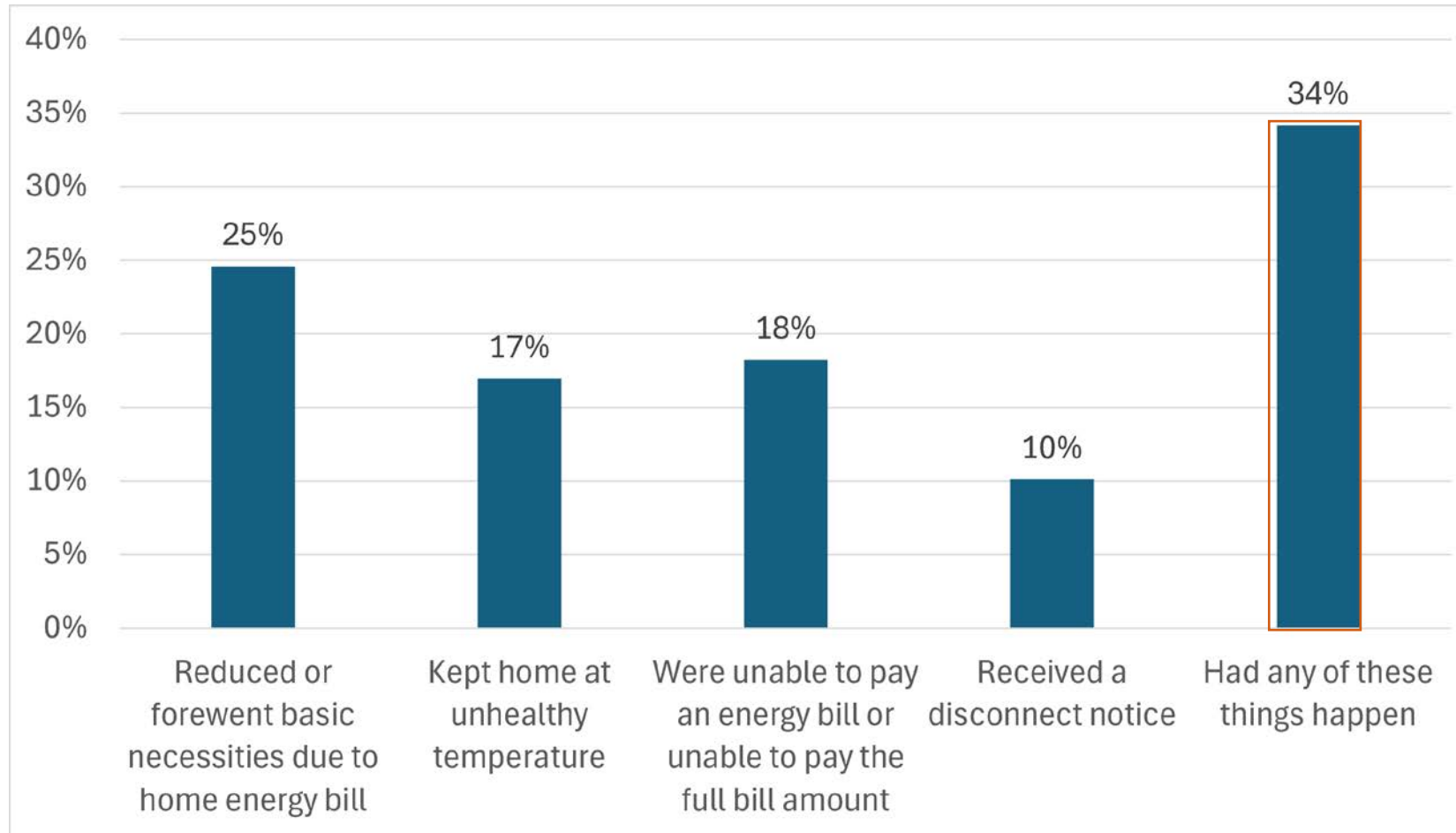
In states investing more in comprehensive weatherization, electrification, and low-income customers, however, MWh savings costs have been rising.

Low-income households are in crisis

- **67% of low-income households are energy-burdened**, meaning they spend more than 6% of their income on energy costs
- Household energy **burdens are disproportionately distributed**: Black, Hispanic, Native American, older adult households, and families in low-income multifamily housing, manufactured housing, and older buildings experience higher energy burdens.
- New England's median household energy burden is 3.5% (compared to 3.1% nationally), but that rises to 10.5% for low-income households (8.1% nationally): at 3x higher, that's **the worst inequity of any U.S. region**.



1 in 3 Rhode Island households are **energy insecure**



How can building upgrades benefit underserved communities?



Increase climate resilience

- Reduce greenhouse gas emissions and air pollution
- Lessen reliance on fossil fuel equipment
- Enable families to maintain safe indoor temperatures during extreme weather



Improve health, comfort, and safety

- Reduce exposure to mold, moisture, and lead
- Improve indoor air quality
- Lower risk of gas leaks or explosions
- Reduce ER visits and missed days of work and school related to asthma and other respiratory diseases
- Improve mental health



Increase affordability

- Reduce energy bills for people with low and moderate incomes
- Improve long-term housing affordability and stability
- Free up household budgets for essential needs such as food and medicine



Strengthen the local economy

- Promote equity via women- and minority-owned business development and inclusive procurement
- Create local jobs through job training



Promote racial equity

- Ensure retrofits benefit BIPOC communities that have been excluded from past policies
- Address frontline community priorities
- Center community leadership, especially voices from BIPOC, renter, and marginalized communities

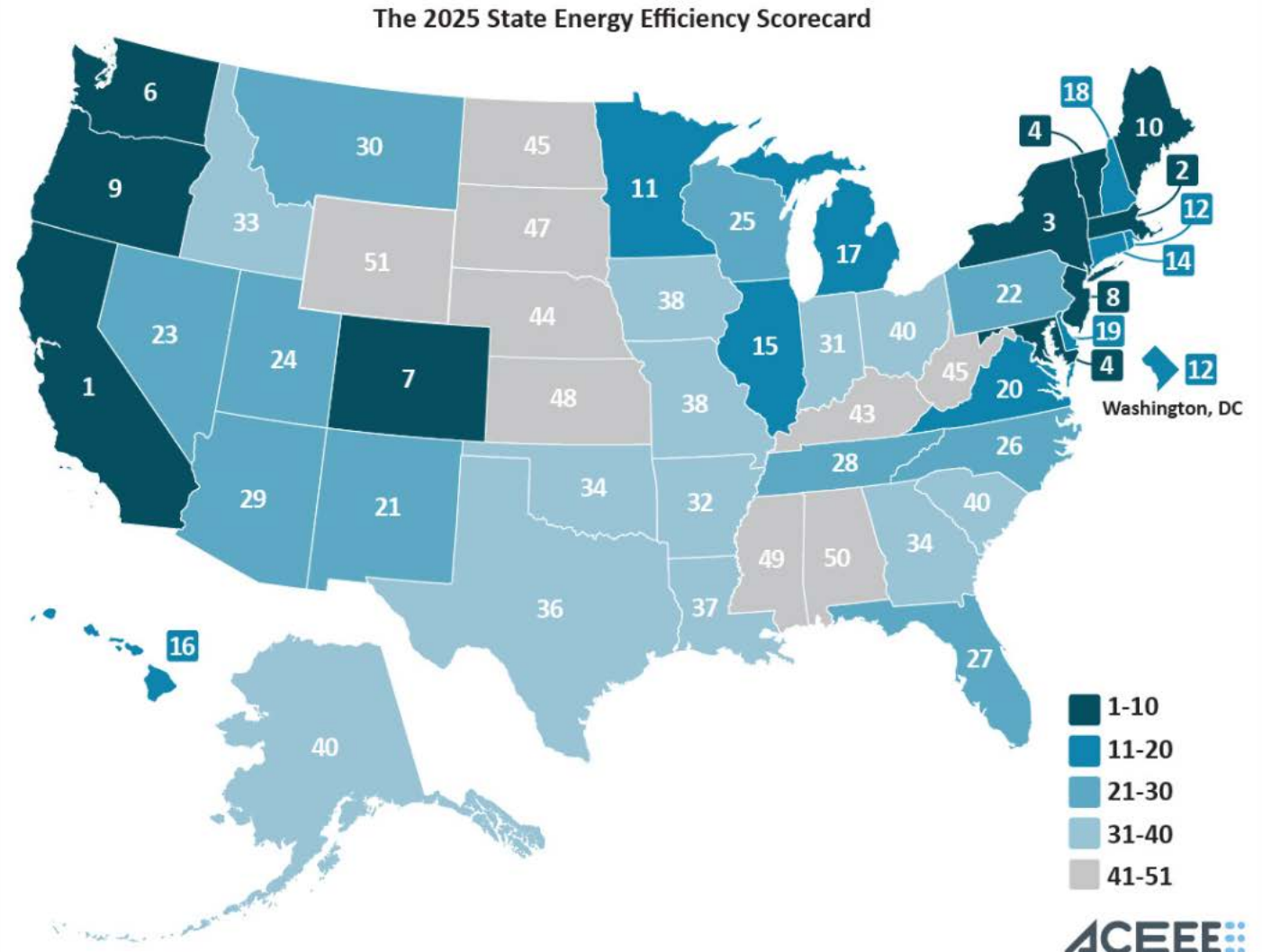


While some states are cutting back on their energy efficiency investments this year, more states are broadening efficiency investments to support energy affordability

- **Maryland** legislature has cut efficiency program savings targets by 32% for 2027-2029 plan cycle (May)
- **New Jersey** regulators propose switching from net to gross accounting methods for setting savings targets, also effectively reducing savings targets by 30% (ongoing)
- **Massachusetts**, also proposed major budget cuts on the table for Mass Save (ongoing)
- **Rhode Island** governor proposed substantial budget cuts to efficiency program, but overturned by legislature (June)
- **Virginia** has rejoined RGGI and is expanding VPP and low-income heat pump programs (April)
- **Illinois** has passed legislation that increases efficiency savings targets and low-income utility efficiency budgets while also investing in grid storage and flexibility (January)

Rhode Island has scored well on ACEEE state efficiency scorecards for decades

- Rhode Island is currently ranked #12 in ACEEE's state scorecard and reached as high as #3 or #4 from 2013-2020
 - Utility and public benefits programs and policies – 3rd
 - Transportation policies – 13th
 - Building energy efficiency policies – 19th
 - State-government-led initiatives around energy efficiency – 10th (perfect score)
 - Industrial energy efficiency policies – 17th
 - Appliance and equipment standards – 8th



2025 ACEEE Scorecard: RI #3 for EE programs

Rhode Island is the **highest-performing New England state** for utility and public benefits programs and policies

Table 5. Summary of state scores for utility and public benefits programs and policies

	2025 total score	2023 electricity savings	2022 natural gas and fuel savings	Energy efficiency resource standard	Performance incentives and fixed-cost recovery	2023 low-income energy efficiency programs ⁷	Policies for equitable utility-sector efficiency
California	28.5	9	3.5	4	3	4	5
Michigan	26.5	9	3.5	3	3	4	4
Rhode Island	24	8	2.5	2.5	3	4	4
New Jersey	23.5	9	2	3.5	2	3	4
Vermont	23.5	9	1	2.5	3	4	4
New York	23.5	7	1.5	4	3	4	4
Illinois	23	9	1	3.5	2.5	3	4
Minnesota	23	9	3	3	3	1	4
Massachusetts	22.5	4	3	3.5	3	4	5
New Hampshire	20	5	1	2	3	4	5
Maine	19.5	5	0.5	3	2	4	5
Connecticut	19.5	4	1.5	2	3	4	5
Maryland	18.5	9	0	3.5	2	3	1

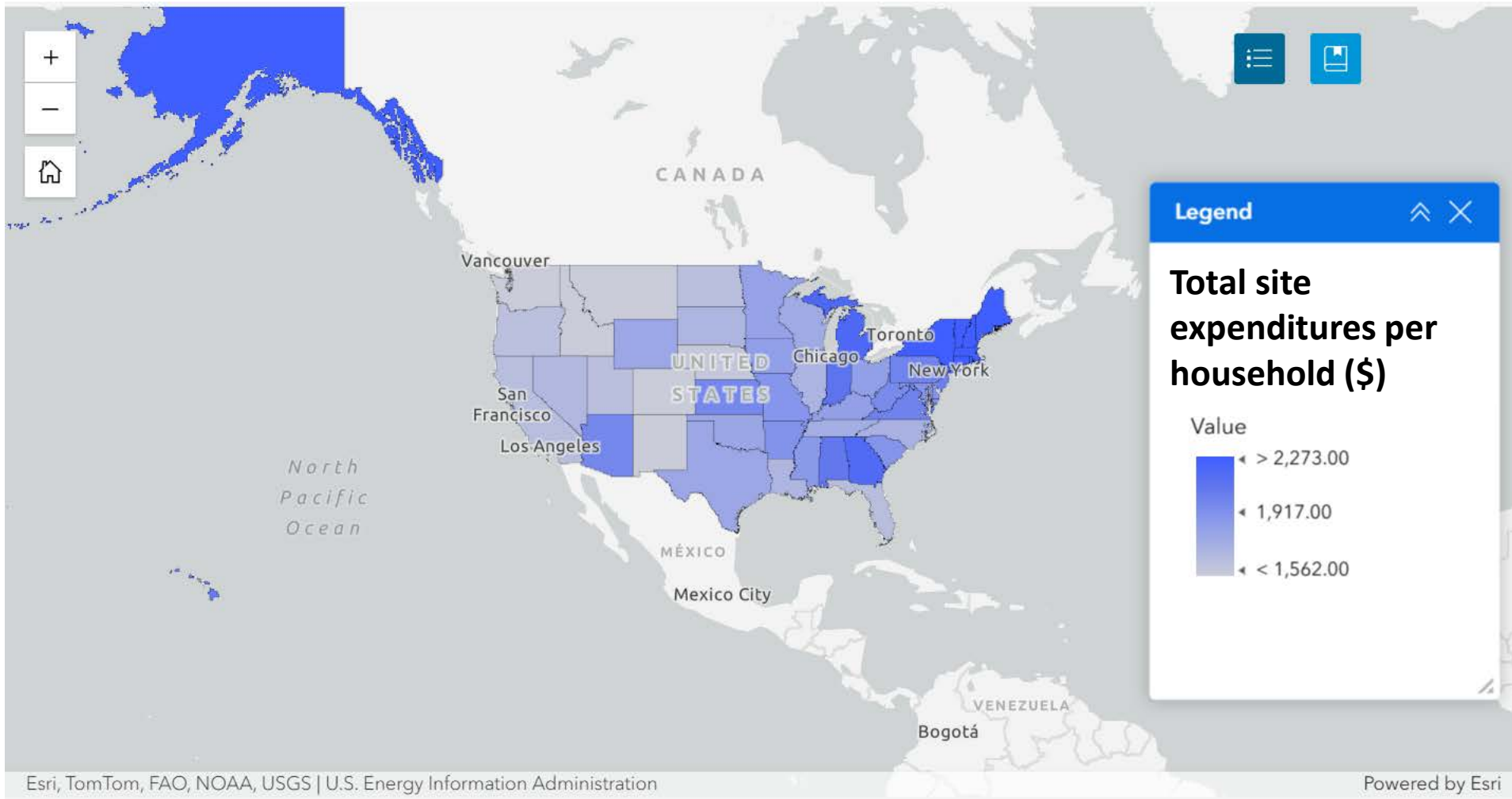
2025 ACEEE Scorecard: RI (#3) and New England provide substantial relief to low-income households

New England states lead in investing in the low-income households that need it the most

Table 17. State support of low-income energy efficiency programs

State	2023 Utility spending on low-income EE programs*	2023 Additional spending on low-income EE programs	Total	Low-income program spending per eligible resident	Score
VT	\$24,868,861	\$0	\$24,868,861	\$152	4
MA	\$193,864,821	\$6,753,303	\$200,618,124	\$124	4
RI	\$25,597,000	\$2,225,000	\$27,822,000	\$102	4
ME	\$14,672,855	\$10,394,193	\$25,067,048	\$61	4
CA	\$758,912,790	\$45,818,460	\$804,731,250	\$54	4
NH	\$15,714,276	\$17,963	\$15,732,239	\$54	4
CT	\$39,600,311	\$0	\$39,600,311	\$52	4
MI	\$146,526,264	\$0	\$146,526,264	\$42	4
NY	\$189,873,409	\$61,000,000	\$250,873,409	\$42	4
IL	\$125,600,000	\$0	\$125,600,000	\$39	3
NJ	\$77,981,000	\$0	\$77,838,000	\$38	3
DC	\$5,031,094	\$0	\$5,031,094	\$36	3
MD	\$24,200,000	\$19,300,000	\$43,500,000	\$34	3

But the residential sector is still paying more for energy in New England, including in Rhode Island



- Long heating season is costly for residents
- End of the pipe: high energy prices/cost of supply

Rhode Island has higher per-household residential energy costs relative to NH, MA, VT, and ME

Residential Energy Consumption Survey (RECS) Dashboard

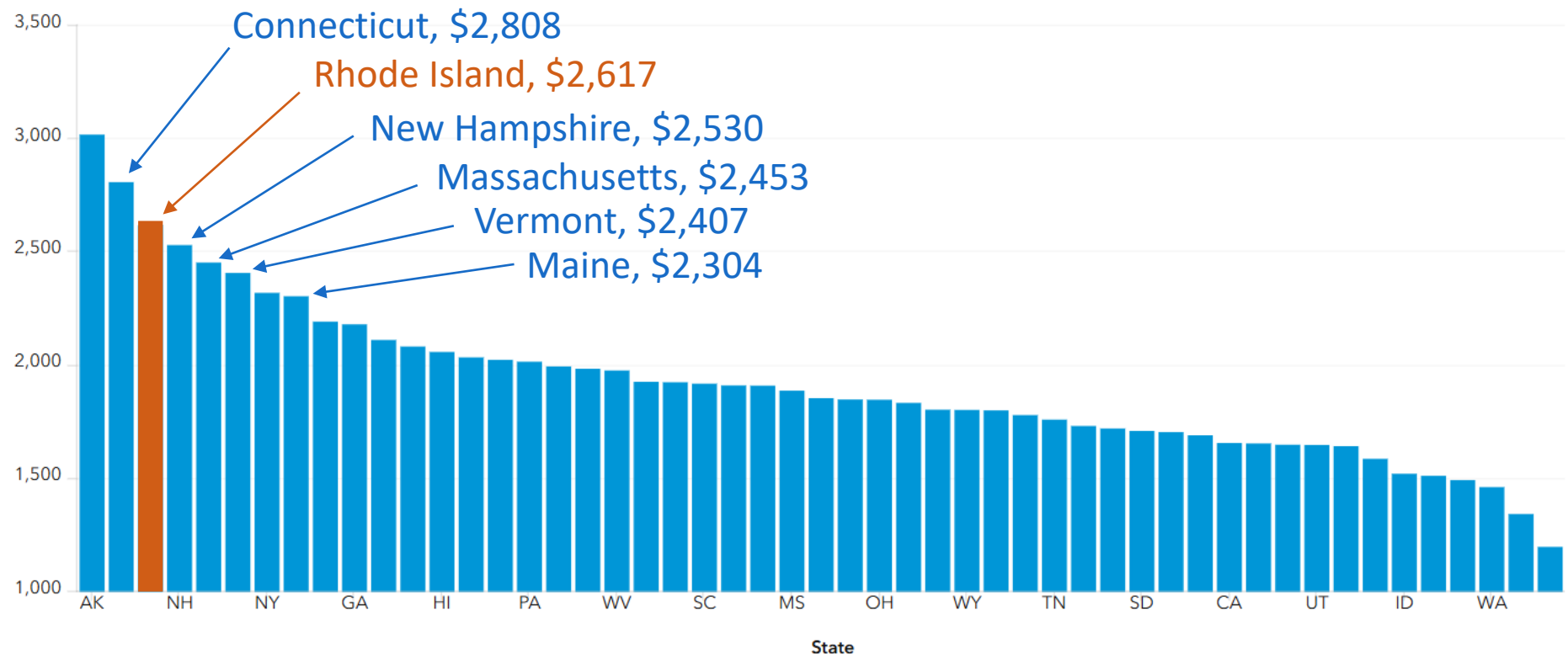
[Reset dashboard](#)

- ☐ Natural gas expenditures per household using natural gas (\$)
- ☐ Propane expenditures per household using propane (\$)
- ☐ Site electricity expenditures per household (\$)
- ☒ **Total site expenditures per household (\$)**

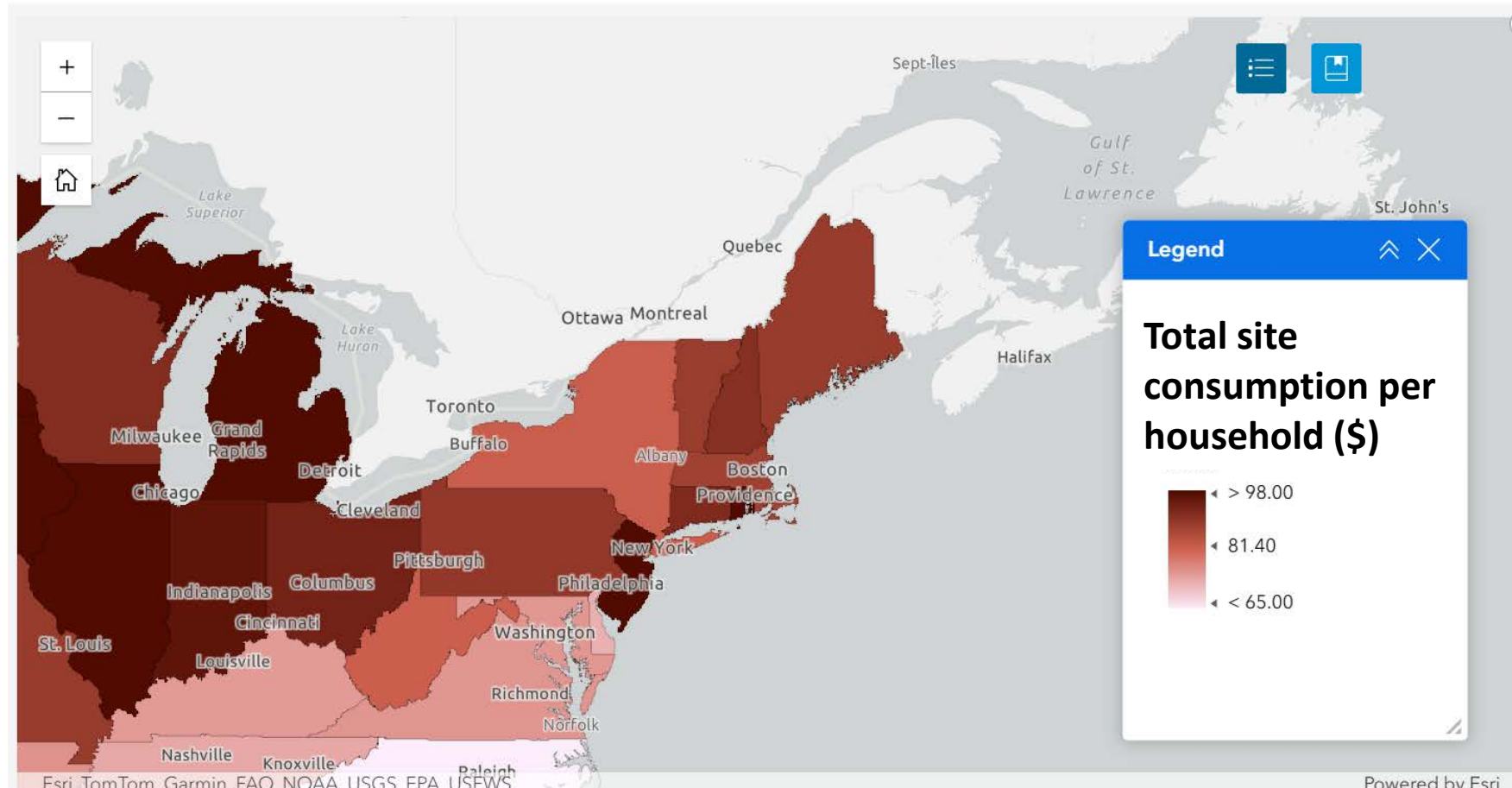
About this dashboard

This dashboard includes selected estimates from the U.S. Energy Information Administration's *2020 Residential Energy Consumption Survey*. You can find more information on these data, including relative standard errors and withheld estimates, on our [metadata](#) page.

Total site expenditures per household (\$)



Rhode Island has the highest per-household site energy consumption in New England: this increases household energy expenditures relative to nearby New England states



Energy imports: Rhode Island spends **\$1.37 BILLION** a year **importing energy** from out of state. Energy efficiency programs lower bills and keep money at home.

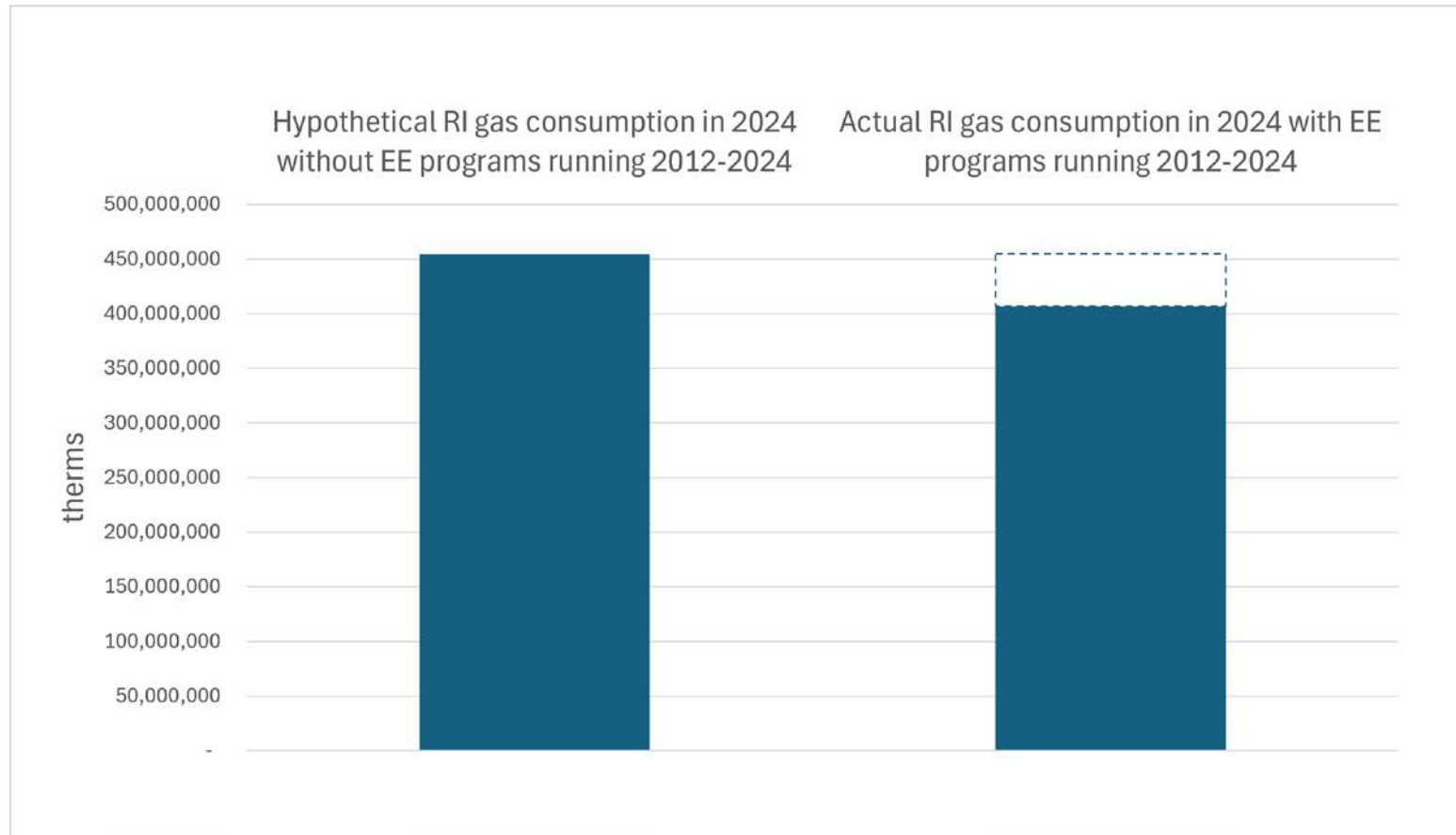
Money sent out of Rhode Island for energy imports in 2024 (non-transportation uses)

	Total	Residential
Imports of gas	\$ 679,900,000	\$ 382,300,000
Imports of fuel oil	\$ 414,400,000	\$ 332,600,000
Fossil fuels imported by the power sector	\$ 198,000,000	\$ 83,083,086
Imports of propane	\$ 72,800,000	\$ 53,800,000
	\$ 1,365,100,000	\$ 851,783,086

Risks

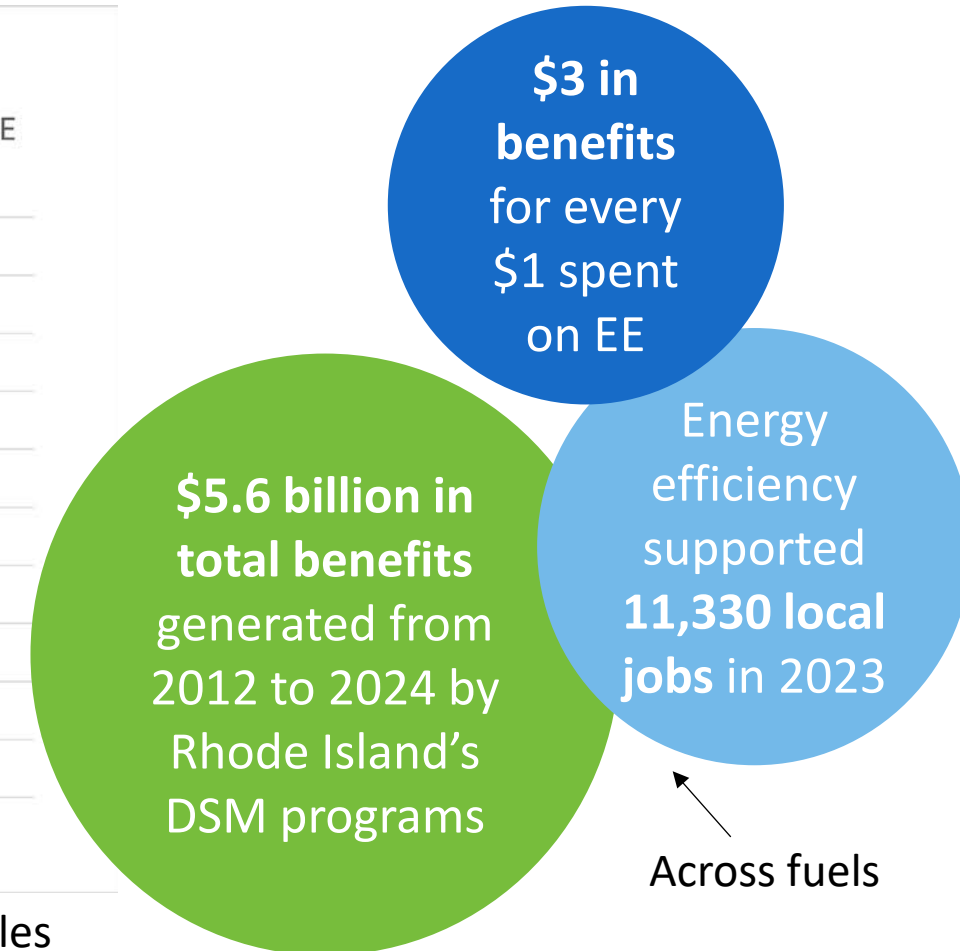
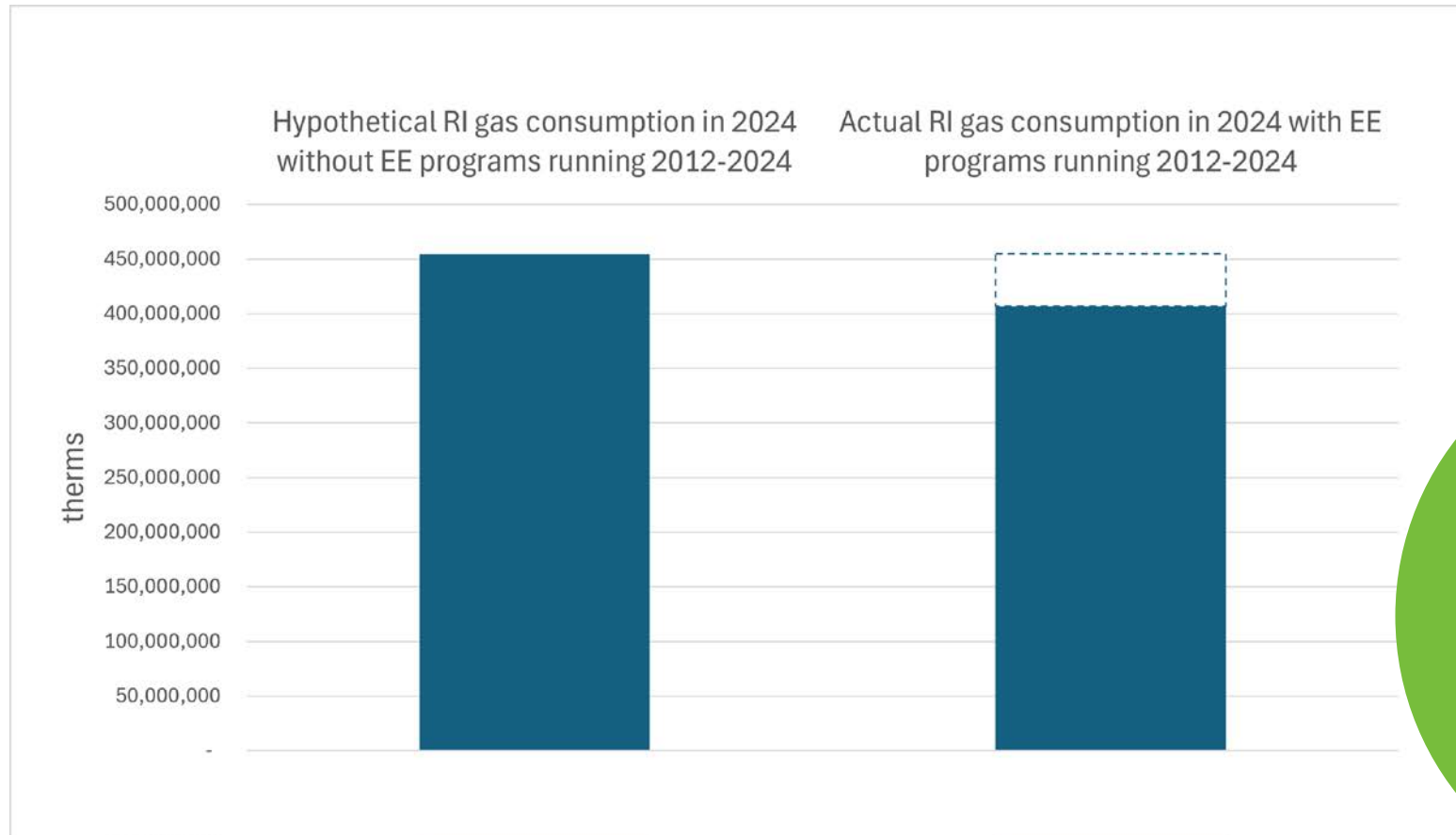
- Households are subject to substantial home heating price volatility: Over the past 10 years, the average price of gas in November has fluctuated between \$2.12 per MMBtu and \$5.45 per MMBtu, **more than 2.5x higher in the most expensive year** than the least expensive year.
- With Canada as a major supplier of fuel oil, potential tariffs pose additional risks.

Gas Imports: As a result of DSM programs implemented from 2012-2024, Rhode Island imported **10.5% less gas in 2024, which translates to **\$80.3M less spent** on gas in 2024 alone**



Data Source: [RIEEC annual reports](#) (savings), EIA Tables [ET2](#) and [CT3](#)

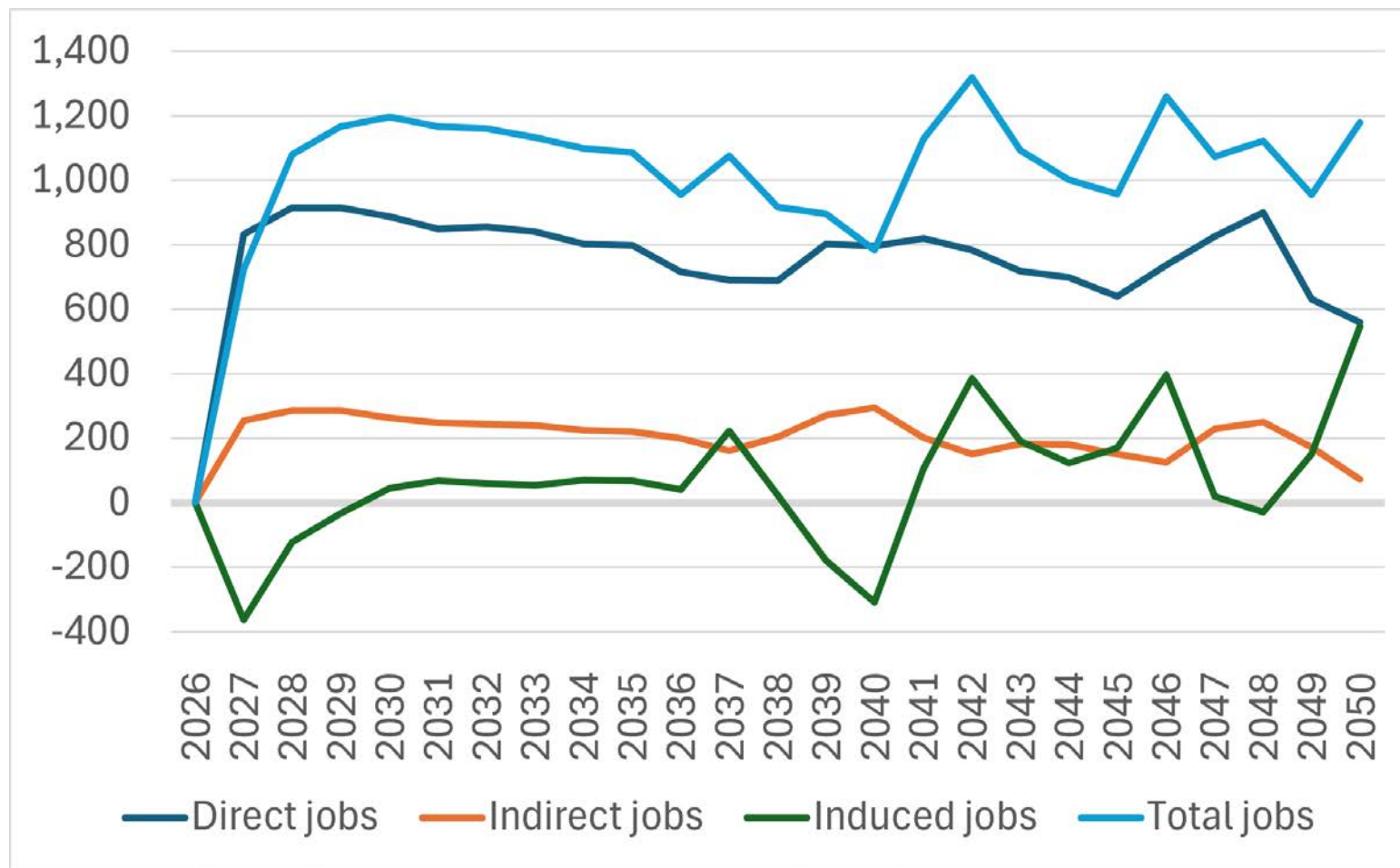
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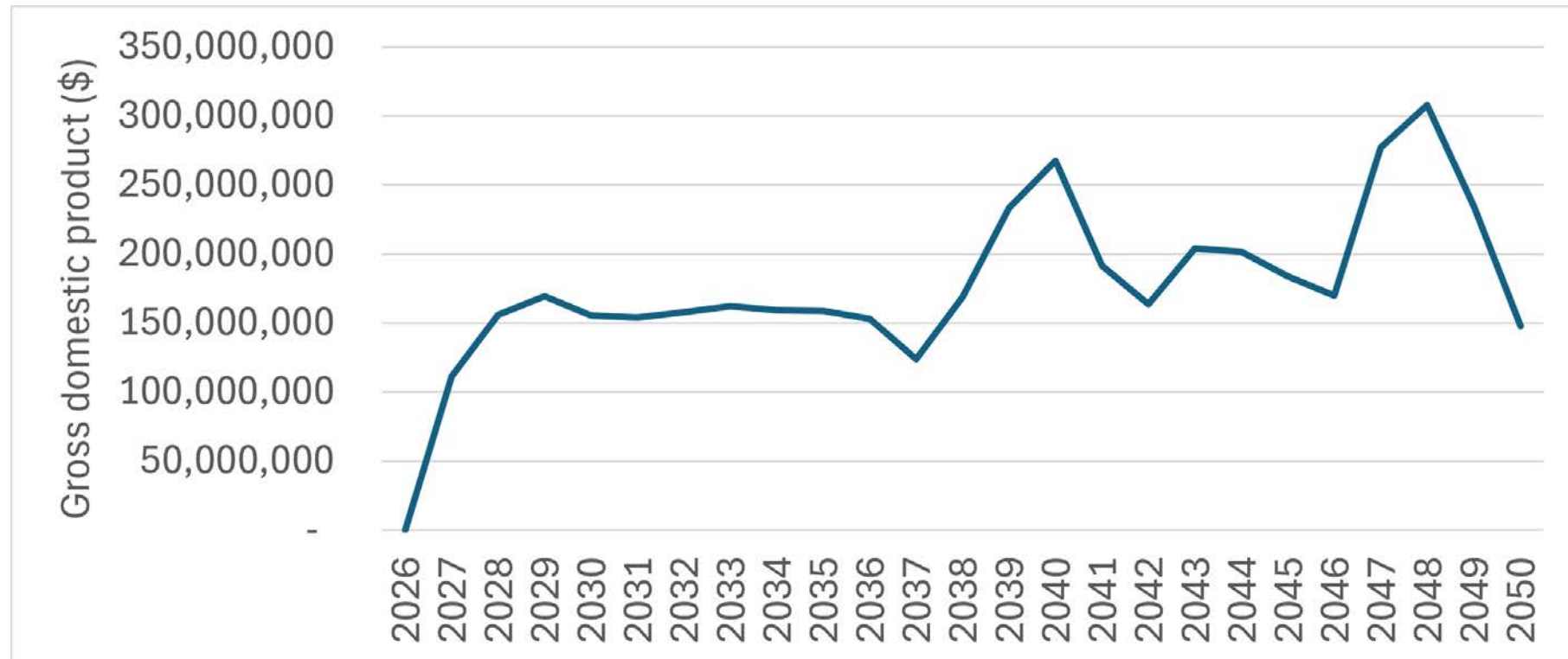
Data Source: [RIEEC annual reports](#) (savings and benefits), EIA Tables [ET2](#) and [CT3](#), Acadia/[DOE](#) (jobs).

Investing more in retrofits and electrification would result in thousands more jobs in Rhode Island

According to ACEEE modeling using the Energy Policy Simulator, retrofitting an additional 25% of existing buildings and increasing the share of electric equipment sold in place of gas equipment by an additional 25% by 2050 would **add 1,000 more jobs in 2035** and would **grow the economy by \$159 million** that year



Investing more in retrofits and electrification would add millions to GDP in Rhode Island



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