

June 21, 2017

Rhode Island General Assembly  
82 Smith Street  
Providence, RI 02903

Dear Legislators,

The undersigned organizations and individuals – representing business, community, consumer, low-income, public health, environmental, and clean energy interests – write to vigorously oppose Budget Article I, Section 16, in the Fiscal Year 2018 budget now before the General Assembly, and urge you to support an amendment deleting this Section.

If enacted, this proposal would raid millions of dollars in ratepayer-funded, cost-effective energy efficiency programs. We oppose the proposal for two main reasons:

- *These are not state funds.*
- *Diverting the funds will cost all Rhode Island ratepayers money.*

Rhode Island's energy efficiency programs generate immense economic value for the state. They bring millions of dollars in electricity and natural gas bill savings to all our residents and businesses, drive our growing clean energy economy, help low-income families reduce the difficult burden of high energy costs, and protect the health and prosperity of our local communities. Rhode Island's Least Cost Procurement law – first implemented a decade ago and extended another five years in 2015 – is primarily responsible for the state's continued leadership on economic efficiency. The General Assembly has unanimously recognized that the electric and natural gas distribution utility must invest in the lowest cost energy resource, energy efficiency, before more expensive energy supplies from outside Rhode Island. *This is an economic strategy, not a social benefits program.*

There are many compelling reasons to reject the proposed raid of these funds. We wish to further highlight several below.

**Raiding the energy efficiency fund amounts to a new energy tax on all Rhode Island ratepayers.** The proposed language in the recently introduced FY2018 budget, in Article I, Section 16, directs a transfer to the General Fund of \$12.5 million collected from Rhode Islanders to fund energy efficiency programs. Again, *this is not state money*. Electric and natural gas ratepayers fund Rhode Island's nationally recognized energy efficiency programs, primarily through a small charge on their energy bills known as the System Benefits Charge. No state tax revenue funds energy efficiency programs. They exist completely independent of, and receive no support from, state appropriations. Diverting funds from the Systems Benefit Charge would amount to taking money from ratepayers and giving it to the state — in other words, creating a new energy tax on all ratepayers at the expense of cost-saving, job-creating programs. Just two years ago, in 2015, the General Assembly took the very positive step of eliminating the commercial sales tax on energy use, at an estimated annual savings to Rhode Island businesses of more than \$20 million. Imposing a new energy tax would be extremely unfair to Rhode Island's already burdened ratepayers, who have been promised tangible benefits in return for their efficiency funding. Rhode Island should not break that promise.

**Raiding the energy efficiency fund would deprive Rhode Island's residents and businesses of deep economic benefits, including utility bill savings.** The proposed fund raid would undermine Rhode Island's nationally recognized energy efficiency programs and represent a big step backwards on the state's path to full economic recovery. The strong role of energy efficiency programs in Rhode Island's economy is undeniable. Since 2008, the state has invested \$569 million in energy efficiency and consumers have reaped \$2.3 billion in economic benefits, a fourfold increase on investment. During the winter of 2014 alone, without savings from electric efficiency programs, region-wide electric demand would have been 13.7% higher, wholesale electricity prices would have been 24% higher, and Rhode Island's electricity costs would have been \$98 million higher. Rhode Island has been in the top 4 states in energy efficiency nationally in recent years; it earned first place in the utility-sector energy efficiency program and policy category on the 2016 State Energy Efficiency Scorecard.<sup>1</sup> In 2016, Rhode Island's energy efficiency programs had more than 893,000 participants.<sup>2</sup> Residents and businesses paid in to these excellent energy efficiency programs and should be able to reap the benefits.

**Raiding the energy efficiency fund would put our clean energy economy at risk.** A raid of energy efficiency funds not only reduces core program benefits, like bill savings, but it can also drag down Rhode Island's clean energy economy. The Rhode Island Office of Energy Resources recently reported that the state's clean energy sector is 15,300 jobs strong. Since 2014, due to legislative and policy support, clean energy employment has grown by 66 percent, including 11 percent in the last year; the state's largest clean energy sector is energy efficiency, with almost 9,000 workers across the state.<sup>3</sup> The state's energy efficiency investments since 2008 will create over 23,000 job-years of employment economy-wide and add \$2.3 billion to Gross State Product. Last year, 702 full-time equivalent jobs were directly related to the delivery of Rhode Island's energy efficiency programs. Further, 923 companies were involved with delivering Rhode Island's energy efficiency programs – 82% of them located in the state. OER calls clean energy a “major catalyst” for job creation across the state. Continuing to invest in energy efficiency is indeed an investment in jobs and the Rhode Island economy.

**Raiding the energy efficiency fund would hurt low-income families.** Cuts to energy efficiency programs would fall hardest on the neediest households, which often struggle to manage Rhode Island's high energy costs. Currently, income-eligible residents can qualify for free energy audits and other important energy efficiency upgrades offered by the energy efficiency programs whose funding is being diverted. These income-eligible weatherization services benefit many residents, helping reduce their energy costs. The proposed energy efficiency fund raid could put low-income households at risk of falling behind on their energy bills, while at the same time imposing a new regressive energy tax that disproportionately burdens this vulnerable population. Rhode Island's low-income residents deserve continued strong access to the energy efficiency programs that are their best protection against high energy costs.

**Raiding the energy efficiency fund would harm public health.** Energy efficiency is local work, in homes and businesses across all Rhode Island communities, that often helps reduce the use of fossil fuels in heating systems. Energy efficiency also helps reduce reliance on fossil

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<sup>1</sup> Rhode Island has scored well in recent years on the American Council for an Energy-Efficient Economy's State Energy Efficiency Scorecard. In 2016, Rhode Island ranked fourth overall behind Massachusetts and California (tied for #1) and Vermont (#3). Rhode Island was the only state to earn a perfect score in the utility program and policy category. See ACEEE, *The 2016 State Energy Efficiency Scorecard* (Sept. 2016), available at <http://aceee.org/research-report/u1606>.

<sup>2</sup> See the Rhode Island Energy Efficiency and Resource Management Council 2017 Annual Report.

<sup>3</sup> See the Rhode Island 2017 Clean Energy Industry report, available at <http://www.energy.ri.gov/documents/News/RI%202017%20Clean%20Energy%20Industry%20Report.pdf>.

fuel power plants, including the most-polluting generators used on the hottest days. This means Rhode Island's energy efficiency programs help cut local air pollution, with great and measurable benefits for public health. The development and successful implementation of energy efficiency plans have avoided 7 million metric tons of greenhouse gas emissions in our state.

For the reasons outlined above, we urge the General Assembly to reject any proposed diversion of energy efficiency funds. Over the past year, the Legislature has voted to extend and expand effective renewable energy policies, such as the Renewable Energy Growth program and Renewable Energy Standard, which will continue to generate vigorous economic growth. Governor Raimondo reaffirmed her commitment for bold action on climate change with the state's new goal of 1,000 megawatts of renewable energy and 20,000 clean energy jobs by 2020. More recently, the Governor signed an Executive Order recommitting Rhode Island to the goals of the Paris Accord, keeping the state on track to meet its greenhouse gas reduction targets under the Resilient Rhode Island Act.

A cut of \$12.5 million from our state's ratepayer-funded energy efficiency programs will hinder growth and significantly impact savings for residents and businesses. Energy efficiency is Rhode Island's "first fuel" and its lowest-cost energy resource. By prioritizing it through smart energy policy, Rhode Island has reduced total energy costs for all residents and businesses by millions of dollars, mitigated the adverse impact of fuel and electricity price increases, helped avoid unnecessary transmission infrastructure, and built a more affordable, reliable and cleaner energy system for all consumers. Undermining this superior, productive investment presumably for the shortsighted purpose of filling an unrelated state budget hole will set Rhode Island's clean energy economy back, and we cannot afford that.

Thank you for considering our comments. We appreciate your leadership.

Sincerely,

Acadia Center  
Aquidneck Island Planning Commission  
Audubon Society of Rhode Island  
Blackstone River Watershed Council  
Burrillville Land Trust  
Childhood Lead Action Project  
Citizens' Climate Lobby RI  
Civic Alliance for a Cooler Rhode Island  
Clean Water Action  
Climate Action RI  
Conservation Law Foundation  
E4TheFuture  
EnergizeRI  
Environment Council of Rhode Island  
Karen Verrengia, Member, RI Energy Efficiency and Resource Management Council (EERMC)  
Roberta Fagan, Member, EERMC  
Green Party of Rhode Island  
Handy Law LLC  
Johnson and Wales University Department of Science  
Elizabeth Stubblefield Loucks, Member, EERMC  
Natural Resources Defense Council  
Northeast Energy Efficiency Council  
Mark Hengen, Northeast Organic Farmers Association of Rhode Island  
People's Power & Light  
ProsperityForRI.com

Providential Garden  
Rhode Island Association of Conservation Commissions  
Rhode Island Center for Justice  
Rhode Island State Nurses Association  
RISE Engineering, a division of Thielsch Engineering, Inc.  
Sierra Club of Rhode Island  
Timmons Roberts, Ittleson Professor of Environmental Studies and Sociology, Brown University  
Toxics Action Center

