

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
DEPARTMENT OF ADMINISTRATION  
OFFICE OF ENERGY RESOURCES



2016-A PLAN FOR THE ALLOCATION AND DISTRIBUTION OF REGIONAL  
GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS

Auctions Held September 9, 2015 & December 2, 2015

February 2016

## 1.0 Authority

The 2016-A Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds (Plan) is authorized by Rhode Island General Laws (RIGL) §23-82-1 et seq. and 42-140-9 and the “Rules and Regulations for the Allocation and Distribution of Regional Greenhouse Gas Initiative Proceeds,” effective August 2011.

## 2.0 Definitions

For the purposes of this Plan, the terms defined in RIGL §23-82-1 et seq. and the “Rules and Regulations for the Allocation and Distribution of Regional Greenhouse Gas Initiative Proceeds,” effective August 2011 shall be given the same meaning as provided in the statute and regulations.

## 3.0 Auction Proceeds included in this Plan

3.1 RGGI, Inc. conducted auctions on behalf of the State of Rhode Island on September 9, 2015 (Auction #29), and December 2, 2015 (Auction #30).

3.2 These auctions resulted in the following Auction Proceeds for the State of Rhode Island:

Auction #29	\$3,758,171.62
Auction #30	\$3,474,705.00
Total	\$7,232,876.62

## 4.0 Adoption of the Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds

4.1 The Rhode Island Regional Greenhouse Gas Initiative Act provides for the use of Auction Proceeds. RIGL §23-82-6 requires that the Auction Proceeds be used for the benefit of energy consumers through investment in the most cost-effective available projects that can reduce long-term consumer energy demands and costs. The annual auction proceeds proposal shall be designed to augment and coordinate with existing

energy efficiency and renewable energy programs, and shall not propose use of auction proceeds for projects already fully funded under other programs.

- 4.2. The Rhode Island Office of Energy Resources (OER) is authorized to allocate the auction proceeds for the following purposes, in a proportion to be determined annually by OER in consultation with the Rhode Island Department of Environmental Management (DEM) and the Rhode Island Energy Efficiency and Resources Management Council (EERMC):
- (1) Promotion of cost-effective energy efficiency and conservation in order to achieve the purposes of section 39-1-27.7;
  - (2) Promotion of cost-effective renewable non-carbon emitting energy technologies in Rhode Island as defined in RIGL §39-26-5 and to achieve the purposes of chapter 39-26 entitled “Renewable Energy Standard”;
  - (3) Cost-effective direct rate relief for consumers;
  - (4) Direct rate relief for low-income consumers;
  - (5) Reasonable compensation to RGGI, Inc.; and
  - (6) Reasonable costs of the OER and the Department of Environmental Management (DEM) in administering this program.
- 4.3 OER concludes that this Plan is consistent with the applicable statutes and regulations. Public notice of the proposed Plan was provided on February xx, 2016. A copy of the Notice is attached hereto. A public comment hearing was held on March xx, 2016 at the Department of Administration, One Capitol Hill, Providence, Rhode Island. The public was allowed additional time to submit written comments until March xx, 2016.
- 4.4 OER has responded to all substantive comments received on the Plan and are provided in the attached document entitled Response to Comments.
- 4.5 OER and DEM agree that the Plan was adopted in accordance with RIGL §23-82-6; “Rules and Regulations for the Allocation and Distribution of Regional Greenhouse Gas Initiative Proceeds” and Chapter 42-35, the Administrative Procedures Act.

## 5.0 Allocation of Auction Proceeds

### 5.1 Administrative expenses

5.1.1 RIGL §23-82-6(a)(6) authorizes the reasonable costs of OER and DEM in administering the RGGI program. The total reimbursement to both entities shall not in any year exceed Three Hundred Thousand Dollars (\$300,000.00) or ten percent (10.0%) of the proceeds, whichever is greater.

5.1.2 Ten percent (10.0%) of total auction proceeds from the two auctions conducted in 2015 and subject to this Plan equals \$723,287.66. This value is greater than \$300,000. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$361,643.83

### 5.2 Allocation of Net Auction Proceeds

5.2.1 Total Auction Proceeds for the RGGI auctions listed in Section 3.0 were \$7,232,876.62. After deducting the administrative expense reimbursement to OER and DEM, as specified in Section 5.1, the balance remaining is **\$6,509,588.96**.

5.2.2 OER finds that allocating the balance of the Auction Proceeds set forth in Paragraph 5.2.1 herein for the promotion of cost-effective energy efficiency and conservation; and the promotion of cost-effective renewable non-carbon emitting energy technologies in an integrated manner shall be best accomplished by disbursements as follows:

5.2.2.a **\$4,400,000.00 (Four Million, Four Hundred Thousand Dollars)** shall be allocated to support and implement energy efficiency and renewable energy projects at Rhode Island state facilities, consistent with the goals of Executive Order 15-17 and the State of Rhode Island's "Lead by Example" Initiative. Energy efficiency improvements and renewable energy installations at buildings and facilities owned and operated by the State offer the potential to significantly reduce short- and long-term energy consumption and costs,

while supporting local economic growth and job creation. Consequently, these projects will benefit taxpayers in Rhode Island and advance the State's energy and environmental goals. This program will be administered by OER and will seek to leverage other existing incentives, funding streams, and programs, where appropriate.

5.2.2.b **\$309,588.00 (Three Hundred and Nine Thousand, Five Hundred and Eighty-Eight Dollars)** shall be allocated for energy efficiency and renewable energy projects at State-owned Homeless Shelters and Rhode Island Department of Behavioral Healthcare, Developmental Disabilities & Hospitals Group Homes, consistent with the goals of Executive Order 15-17 and the State of Rhode Island's "Lead by Example." Energy efficiency improvements and renewable energy installations at buildings and facilities owned and operated by the State offer the potential to significantly reduce short- and long-term energy consumption and costs, while supporting local economic growth and job creation. Consequently, these projects will benefit taxpayers in Rhode Island and advance the State's energy and environmental goals. This program will be administered by OER and will seek to leverage other existing incentives, funding streams, and programs, where appropriate.

5.2.2.c **\$1,000,000.96 (One Million Dollars and Ninety-Six Cents)** shall be allocated to National Grid (Utility) to provide energy efficiency incentives for residential customers with homes heated by delivered fuels (oil, kerosene, and propane) and administered in collaboration with OER. This program will allow the Utility to continue offering incentives for homes heated by delivered fuels, all of whom are also electricity customers. Such investments capture electricity savings, including savings from oil-heated homes with air conditioners; achieve reductions in carbon emissions associated with more efficient use of delivered fuels; and prevent market disruptions for installation contractors, thus supporting local businesses.

The Utility shall collaborate with OER and the EERMC as energy efficiency incentives are designed for residential and commercial delivered fuel customers. Consideration shall be given to incentive structures and marketing techniques to address the following:

need-based incentives for lower-income customers; refined customer targeting to enroll delivered fuel customers with higher electric usage; incentives that achieve better parity with comparable natural gas program incentives; and other criteria as identified in collaboration with OER and the EERMC. This funding shall be tracked and managed in a shadow account at the Utility.

5.2.2.d **\$300,000.00 (Three Hundred Thousand Dollars)** shall be allocated to support the adoption of small-scale solar through community-based Solarize campaigns. Solarize is a coordinated, targeted marketing and education campaign that can drive localized economies of scale and reduce installation costs for solar energy systems. These funds will be used to engage a qualified Solarize marketing entity, who will work in partnership with OER to design and implement new Solarize campaigns in selected Rhode Island communities or groups of communities. OER may partner with other state agencies, as appropriate, to leverage administrative and programmatic expertise. A portion of these funds may also be used to support necessary safety inspections for solar projects installed through a Solarize campaign.

5.2.2.e **\$500,000 (Five Hundred Thousand Dollars)** shall be allocated to support microgrid development in Rhode Island, including, but not limited to, the design and development of a microgrid demonstration project to strategically deploy energy efficiency and distributed resources (renewable, storage, etc.) for resilient energy surety at critical State facilities. Currently, OER is implementing a CDBG-funded grant project to identify microgrid potential across vulnerable communities and critical infrastructure locations throughout the state. This allocation will support supplemental, but complementary work that will help identify optimal economic and environmental benefits from 24/7 operation of distributed energy resources under normal conditions, while providing grid-independent mission critical functionality during prolonged power outages. Moreover, the availability of RGGI dollars to support microgrid work will facilitate OER's ability to seek and leverage current/future external funding sources on microgrid development and deployment. This program will be administered by OER.

### 5.3 Tracking and Reporting

- 5.3.1 The Utility shall prepare quarterly programmatic and financial reports, and an annual report, for programs managed by the Utility that utilize RGGI funding according to the terms of the Plan. The reports shall include, at minimum, a detailed description of: (1) program components; (2) project costs; and (3) program benefits, including, but not limited to, energy savings, jobs/job hours and types of jobs associated with RGGI-funded projects.
- 5.3.2 The Utility shall prepare a report which shall include a list with the names of the entities receiving funding. This information shall be public information. The report shall be submitted to OER.
- 5.3.3 Consistent with OER's reporting requirement under RIGL 23-82-6(d), all recipients of RGGI funding are required to comply with OER data and reporting requests, including, but not limited to, those reporting requirements specified in procurement documents and/or any memoranda of understanding.
- 6.0 Reallocation of RGGI funds from the 2014 Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds (adopted August 2014)
- 6.1 OER finds that **\$125,000.00** of funds allocated pursuant to Section 5.3.2.f of the 2014 Plan shall be reallocated to achieve the purposes of Section 5.3.2.e of the 2014 Plan.