

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



2017-B PLAN FOR THE ALLOCATION AND DISTRIBUTION OF REGIONAL  
GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS

Auctions Held March 8, 2017 & June 7, 2017

January 2018

1.0 Authority

The 2017-B 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 March 8, 2017 (Auction #35) and June 7, 2017 (Auction #36).

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

Auction #35	\$743,889.00
Auction #36	\$683,712.26
Total	\$1,427,601.26

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 November 2, 2017. A copy of the Notice is attached hereto. A public comment hearing was held on December 4, 2017 at the Department of Administration, One Capitol Hill, Providence, Rhode Island. The public was allowed additional time to submit written comments until December 14, 2017.

- 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 Compensation to RGGI, Inc.
- 5.1.1 RIGGL §23-82-6(a)(5) authorizes the reasonable compensation of an entity to administer the auction on behalf of the State of Rhode Island. RIGGI, Inc. is the entity that conducted the auctions listed in Section 3.0.
- 5.1.2 Wherefore, RGGI Inc. was compensated \$35,326.49 from Auction 35 proceeds.
- 5.2 Administrative expenses
- 5.2.1 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.
- 5.2.2 Ten percent (10.0%) of total auction proceeds from Auctions 35 and 36 total \$142,760.12. Therefore, as specified in RIGL §23-82-6(a)(6), OER and DEM shall each be reimbursed a total of \$71,380.06 for the 2017 calendar year.

5.3 Allocation of Net RGGI Proceeds

5.3.1 After accounting for compensation for RGGI Inc. and administrative expense reimbursement to OER and DEM, as specified in Sections 5.1 and 5.2, the balance available for programmatic allocation is **\$1,249,514.65**.

5.3.2 OER finds that allocating the balance of the Auction Proceeds set forth in Paragraph 5.3.1 herein for the promotion of cost-effective energy efficiency and conservation and the promotion of cost-effective renewable non-carbon emitting energy technologies shall be best accomplished by disbursements as follows:

5.3.2.a **\$500,000.00 (Five Hundred Thousand Dollars)** shall be allocated to support residential, commercial and/or public sector energy efficiency and/or renewable energy financing transactions through the Rhode Island Infrastructure Bank, as established under Rhode Island General Laws Sections 39-26.5 and 46-12.2-4.2.

5.3.2.b **\$749,514.65 (Seven Hundred Forty-Nine Thousand Five Hundred and Fourteen Dollars and Sixty-Five Cents)** shall be allocated to the Rhode Island Commerce Corporation's Renewable Energy Fund (REF), which is dedicated to increasing the role of renewable energy throughout the state. REF provides grants for renewable energy projects with the potential to make electricity in a cleaner, more sustainable manner, while stimulating job growth in the green technology and energy sectors of Rhode Island's economy.

6.0 Reallocation of RGGI funds from the 2012 and 2015 Plans for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds

- 6.1 OER finds that **\$200,000.00 (Two Hundred Thousand Dollars)** of funds allocated pursuant to Section 5.4.2.b of the 2012 Plan and Section 5.3.2.c of the 2015 Plan (RIPEP) shall be reallocated to achieve the purposes of Section 5.3.2.b of the 2017-B Plan.
- 6.2 OER finds that **\$500,000.00 (Five Hundred Thousand Dollars)** of funds allocated pursuant to Section 5.4.2.b of the 2012 Plan and Section 5.3.2.c of the 2015 Plan (RIPEP) shall be reallocated to support municipal energy efficiency and/or renewable energy investments implemented as part of a new construction or large-scale renovation project(s) that meet or exceed the state’s stretch building code (set for adoption in early 2018). The stretch code is being developed pursuant to Governor Gina Raimondo’s Lead by Example Executive Order (15-17). This program will be administered by OER and will seek to leverage other existing efficiency and clean energy incentives, funding streams, and programs, where appropriate.
- 7.0 Tracking and Reporting
- 7.1 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.



STATE OF RHODE ISLAND

## OFFICE OF ENERGY RESOURCES

### NOTICE OF PUBLIC COMMENT AND PUBLIC HEARING

#### ***PROPOSED 2017-B PLAN FOR THE ALLOCATION AND DISTRIBUTION OF REGIONAL GREENHOUSE GAS INITIATIVE AUCTION PROCEEDS***

The Rhode Island Office of Energy Resources (OER) proposes the 2017-B Plan for the Allocation and Distribution of Regional Greenhouse Gas Initiative Auction Proceeds (2017-B Plan) and gives notice of intent to hold a public hearing to receive public comment on the proposed Plan and to afford interested parties an opportunity to submit data, views, or arguments orally and/or in writing on the proposed 2017-B Plan.

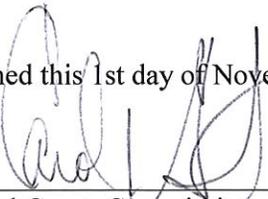
The public hearing will be held on **December 4, 2017 at 9:00 a.m.** in Conference Room C, Second Floor of the Powers Building, One Capitol Hill, Providence Rhode Island. The hearing room is accessible to the handicapped. The Department of Administration will provide interpreter services for the hearing impaired, provided such a request is made at least three (3) business days prior to the hearing date. Requests for such services may be made in writing or by calling TTY (711) or (401) 222-5300.

The proposed 2017-B Plan allocates and distributes the Rhode Island Regional Greenhouse Gas Initiative Program proceeds from the first two auctions held in 2017. Copies of the proposed 2017-B Plan can be obtained at OER, at [www.energy.ri.gov](http://www.energy.ri.gov), or by calling (401) 574-9105 weekdays from 8:30 A.M. to 4:00 P.M., or by writing to:

Rhode Island Office of Energy Resources  
One Capitol Hill, 4<sup>th</sup> Floor  
Providence, Rhode Island 02908

OER encourages the submission of written comments. Written comments may be submitted by mail prior to the date of the public hearing at the address indicated above or by hand-delivery during the public hearing. The public record will be kept open for ten (10) calendar days following the conclusion of the public hearing to allow additional time for the submission of written comments.

Signed this 1st day of November 2017.

  
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Carol Grant, Commissioner  
Rhode Island Office of Energy Resources

State of Rhode Island  
Department of Administration  
Office of Energy Resources

In re: Proposed 2017-B Allocation Plan – Distribution of Regional Greenhouse Gas Initiative Proceeds

**RESPONSE TO COMMENTS**

**Introduction**

On November 2, 2017, a notice was posted on the websites of the Rhode Island Department of Administration, Office of Energy Resources (OER) and the Rhode Island Office of Secretary of State announcing a public comment period to accept comments on the adoption of the proposed “2017-B Allocation Plan - Distribution of Regional Greenhouse Gas Initiative Auction Proceeds” (the Plan). The notice stated that a public hearing would be held on December 4, 2017, at 9:00 A.M. in Conference Room C, Second Floor, One Capitol Hill, Providence, Rhode Island. Copies of the proposed Plan were made available at OER’s offices; on OER’s website at [www.energy.ri.gov](http://www.energy.ri.gov); by calling (401) 574-9124 weekdays from 8:30 A.M. to 4:00 P.M.; or by writing to Rhode Island Department of Administration, Office of Energy Resources, One Capitol Hill, Providence, Rhode Island.

The public hearing was held on December 4, 2017 at 9:00 A.M. at the location set forth in the public notice. No members of the public attended the public hearing. At the conclusion of the public hearing, the public comment period was kept open for an additional ten (10) days to allow for the submission of written comments. The public comment period closed on December 14, 2017.

The Regional Greenhouse Gas Initiative (RGGI) is a cooperative effort by Northeastern and Mid-Atlantic States to reduce carbon dioxide emissions through implementation of a multi-state cap-and-trade program with a market-based emissions trading system. RGGI is composed of individual CO<sub>2</sub> Budget Trading Programs in each of the nine participating states. The Rhode Island Department of Environmental Management promulgated regulations establishing a CO<sub>2</sub> Budget Trading Program that limits emissions of CO<sub>2</sub> from electric power plants, issues CO<sub>2</sub> allowances and establishes participation in regional CO<sub>2</sub> allowance auctions. The states participating in RGGI formed a non-profit corporation (RGGI, Inc.) to provide administrative and technical services to support the development and implementation of each participating state’s CO<sub>2</sub> Budget Trading Program.

Pursuant to Rhode Island General Laws §23-82, RGGI, Inc. (or another independent contractor) is authorized to receive, hold and sell CO<sub>2</sub> allowances for the long-term benefit of consumers. The statute also authorizes RGGI, Inc. to conduct the auctions or sales; collect the auction proceeds; and transfer such proceeds to OER. OER then disburses the proceeds of the auction or sale for purposes consistent with the goals of the RGGI program as set forth in the statute.

## Public Hearing

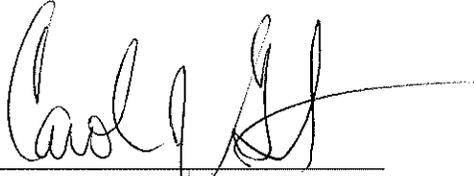
A public hearing on the proposed Plan was held on December 4, 2017. No oral testimony was presented.

No written comments were received.

## Decision

It is the decision of the Office of Energy Resources to approve the 2017-B Allocation Plan -- Distribution of RGGI Proceeds. The Plan is appended to this Decision.

1/03/18  
Date:

  
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Carol Grant, Commissioner  
Office of Energy Resources