

**Rhode Island General Assembly
House Committee on Environment and Natural Resources**

**H 5762, An Act Relating to Public Utilities and Carriers –
Renewable Energy Standard**

March 11, 2021

The New England Power Generators Association (NEPGA)¹ appreciates the opportunity to provide written testimony on H 5762, *An Act Relating to Public Utilities and Carriers – Renewable Energy Standard*. H 5762 would annually increase Rhode Island's Renewable Energy Standard (RES) to require that 100% of electricity suppliers' retail sales comes from eligible renewable resources by 2030.

NEPGA opposes H 5762 because it further carves up the wholesale electricity markets, undermining opportunities to more cost-effectively meet Rhode Island's energy and climate needs. Instead, NEPGA urges the Committee to allow Rhode Island and other regional stakeholders to continue ongoing efforts toward wholesale market reforms and develop market-based solutions to meeting Rhode Island's climate imperatives.

NEPGA is the trade association that represents competitive electric generating companies in New England. NEPGA's member companies account for over 90% of all generating capacity throughout New England – and nearly 2,000 MW in Rhode Island.

NEPGA fully supports Rhode Island's goal of addressing climate change. Meeting these objectives will require a coordinated effort across sectors of the economy. The electricity sector has been a leader in driving down emissions. With continued improvements, the electricity market can enable and power a decarbonized economy that maintains a bedrock foundation of reliability and competitive costs. It is therefore important to consider H 5762's objectives in the context of economy-wide carbon dioxide (CO₂) emissions and the region's competitive wholesale electricity markets.

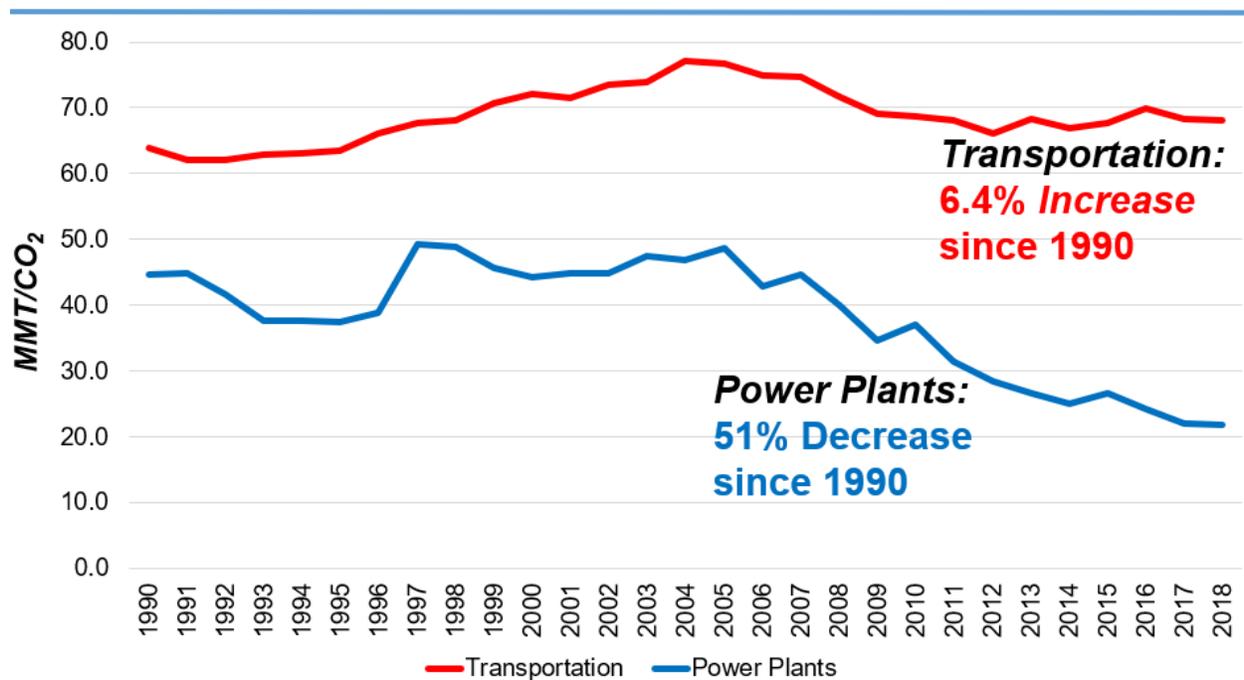
For more than 20 years, Rhode Island has relied on the competitive markets to produce a reliable supply of electricity at least cost. Market forces drive innovation and efficiencies, providing not only value to consumers, but also critical support to Rhode Island's economy. Since 2004, wholesale energy prices have declined by a remarkable 51%. That means that a dollar spent on electricity supply in 2004 costs only 49 cents today. In fact, the average annual wholesale electricity price in 2019 was \$30.67/MWh,

¹ The comments expressed herein represent those of NEPGA as an organization, but not necessarily those of any particular member.

the second lowest price since full implementation of the region’s competitive markets in 2003.² While other portions of a typical Rhode Island electric customer’s utility bill have increased over the years, wholesale energy price reductions have translated to real savings for Rhode Island’s consumers.

Market competition has also helped cut GHG emissions in Rhode Island and in the other New England states, resulting in a cleaner, more efficient fleet of generating resources. Since 1990, power plants in New England have decreased CO₂ emissions by 50% – the most of any sector of the economy over the same period – according to data released by the U.S. Energy Information Agency.³ Since 1999, the efficiency for power plants in New England improved by 22%, roughly the equivalent of needing just four power plants today to provide the same amount of electricity output as five plants roughly 20 years ago. In 2000, 40% of the electricity produced in New England was generated from coal and oil resources; today, coal and oil plants together account for less than 1% of the region’s resource mix.⁴

New England transportation & power plant CO₂ emissions from 1990 to 2018



With this as a strong foundation to build upon, more can and should be done to further reduce carbon emissions in response to the threat of climate change. The issue now is how to achieve the decarbonization goals that H 5762 seeks to achieve while

² <https://isonewswire.com/2020/03/18/new-englands-wholesale-energy-market-reaches-historic-low-in-2019/>

³ <http://www.eia.gov/environment/emissions/state/>, released October 23, 2019.

⁴ <https://www.iso-ne.com/about/key-stats/resource-mix>

preserving the benefits of competition and leveraging the collective power of New England as a region.

The future wholesale market design should ensure continued reliability at competitive market pricing, but also meaningfully account for the carbon intensity of a given resource – an element that is currently missing from today’s wholesale markets. The focus must always be to maintain reliability, and should therefore better value firm, dispatchable resources that will become even more important as more weather-dependent renewable resources enter the system.

These issues cannot be met by one state in isolation. For that reason, NEPGA agrees with the Rhode Island Office of Energy Resource’s recommendation in its December 2020 report on the need to pursue a coordinated effort with other New England states and stakeholders to identify wholesale market designs to better facilitate energy decarbonization and integration of renewables.⁵ NEPGA and other stakeholders are now actively working on developing a long-term solution to help Rhode Island and the other New England states meet their energy and climate-related obligations. This is happening now through many forums, including the state-led New England Energy Vision process, which began this year.⁶ These regional efforts are focused on designing a wholesale market that can leverage the cost and reliability benefits of the competitive markets while also addressing Rhode Island’s energy and climate mandates.

But the focus must also be on linking electricity with other sectors of the economy, in part because it is electrification that holds such promise for decarbonization in transportation and heating. It is also, however, because it is those sectors – transportation and heating – that today make up the bulk of Rhode Island’s emissions. Drastic emissions reductions must be made to achieve Rhode Island’s climate objectives. To meet this challenge in a harmonized manner, NEPGA has long advocated for a multi-sector carbon price, one that not only addresses power sector emissions, but also those from the transportation and buildings. There may be other market-based solutions for meeting Rhode Island’s energy and climate mandates, and NEPGA commits to playing a constructive role in discussions for the best one that meets Rhode Island’s and the region’s needs.

The alternative is continued reliance on single-state solutions – like increases to the RES, as proposed by H 5762 – that address only one source of the state’s overall emissions and impose additional costs on electricity consumers. These kinds of mandates carve up the competitive markets, displacing opportunities for competitive resources to help Rhode Island meet its decarbonization goals reliably and at the least cost. The path forward is a challenging one, but there is an opportunity to chart a future that maintains the benefits of the competitive markets coupled with the promise of future innovations.

⁵<http://www.energy.ri.gov/documents/renewable/The%20Road%20to%20100%20Percent%20Renewable%20Electricity%20-%20Brattle%2004Feb2021.pdf>

⁶ www.newenglandenergyvision.com

Rhode Island has been, and will be, a leader in meeting the climate challenge. NEPGA believes that to take the next step requires regional collaboration and a multi-sector decarbonization link. NEPGA urges the Committee to keep this regional and broader economic context in mind as it considers the implications of H 5762.

As Rhode Island seeks to further decarbonize its electricity supply, NEPGA urges it to allow the current regional efforts to better align the state's energy and climate-related laws with the competitive markets. Such an approach would provide Rhode Island with a long-term, cost-effective, and efficient means to meet its emissions targets. Picking chosen technologies and guaranteeing them a market share in Rhode Island is not the way forward. It is for these reasons that NEPGA opposes H 5762 and urges the Committee to recommend that H 5762 be held for further study, which would allow time for regional efforts to continue toward a long-term, market-based solution to meet Rhode Island's climate objectives.

NEPGA stands by to provide the Committee with more information as needed. Thank you for the opportunity to provide this testimony.

Respectfully,



Dan Collins
Director of Government Affairs