Legislative Prospectus

ENERGIZE RHODE ISLAND

The Energize RI Coalition is a broad group of Rhode Islanders working to pass a carbon pricing bill in the Rhode Island General Assembly. Carbon pricing is a market-based solution to carbon pollution that will lower emissions while energizing the economy. Our Coalition includes non-profits, businesses, environmental groups, and universities who all care about RI's people and future. The Energize RI: Clean Energy Investment and Carbon Pricing Act of 2016 is endorsed by over one hundred businesses and organizations.

**Our leadership team includes:**
- RI Green and Healthy Homes Initiative
- RI Sierra Club
- RI Citizens Climate Lobby
- FILARSKIARCHITECTURE+PLANNING+RESEARCH
- RI Clean Water Action
- RI Green Building Council
- People's Power & Light
- Emerald Cities Rhode Island

**Endorsing organizations include:**
- Hope Street Merchants Association
- Environment Council of Rhode Island
- Conservation Law Foundation
- Rhode Island Bicycle Coalition
- Rhode Island Student Climate Coalition
- RIPTA Riders Alliance

**Contact info:**
- Brigid Ryan, Coalition Chair and Director of Emerald Cities Providence: Brigid@EnergizeRI.org
- Laufton Longo, Energize RI Campaign Manager: Laufton@EnergizeRI.org

For general inquiries, please email info@EnergizeRI.org or visit us online at EnergizeRI.org
To take control of our future.
The Energize RI Act makes the investments we need to secure energy independence and move toward the economy of the future. Reliance on out-of-state fossil fuels like oil and natural gas leads to volatility and price hikes. The Clean Energy and Jobs Fund created by this legislation will support energy efficiency programs and renewable energy, lowering energy costs for RI families and businesses.

To energize our economy.
Rhode Island spends over $3 billion every year on out-of-state fossil fuels. Instead of sending millions of dollars to Saudi Arabia and Texas, carbon pricing puts this money to work employing Rhode Islanders here in our state and is projected to create 1,000 jobs in the first two years.

Because we know carbon pricing works.
Rhode Island already participates in a successful carbon pricing program, the Regional Greenhouse Gas Initiative (RGGI), which contributes millions of dollars to the state’s economy and reduces emissions. We know carbon pricing works, so let’s expand its benefits economy-wide.
Policy Details

**Bill Number:** H 7325 (for full text, go to energizeri.org)

**Introducing Sponsors:** Representatives Regunberg, Handy, Carson, Tobon, and Bennett

**Date Introduced:** January 27, 2016

**Referred To:** House Environment and Natural Resources

The Energize RI Act puts a fair price on carbon pollution in order to strengthen the economy and reduce rampant greenhouse gases. The policy returns 100% of the revenue (minus administrative costs) to residents and businesses as direct rebates and programs.

**Revenue Distribution**

With the exception of a maximum of 5% for administrative overhead costs, all of the revenue will go back to Rhode Islanders. 70% of the revenue will be distributed as direct rebates to RI households and businesses per person or employee. The remaining 25% will create a Clean Energy and Jobs Fund to help increase access to energy efficiency and renewable energy for low-income families and small businesses.

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1. **Create a Clean Energy and Jobs Fund**

The fund will invest in renewable energy and energy efficiency for Rhode Island families, businesses, and institutions. It will create jobs in the construction, renewable energy, and weatherization industries, and it will expand access to renewable energy and energy efficiency for under-served Rhode Islanders.

2. **Put a fair price on carbon**

The policy will put a price on carbon that accounts for the pollution it creates. The price, paid for by the companies that sell fossil fuels in RI, will fund new energy programs and incentivize sustainable choices.

3. **Protect Rhode Islanders from additional costs**

Every family, business, and institution in RI will receive a rebate per person to protect against the additional costs that fossil fuel companies may pass along to ratepayers and energy consumers. These rebates will help ensure that many families and businesses—especially the ones that make sustainable choices—come out ahead.
Regional Greenhouse Gas Initiative

Doesn’t Rhode Island already have a fee on electricity?

Rhode Island already puts a price on electricity through the Regional Greenhouse Gas Initiative (RGGI), a cap-and-trade system throughout New England, New York, Delaware. Since 2009, Rhode Island has gained millions of dollars from these carbon auctions, much of which has been invested back into renewable energy and energy efficiency in RI. The Regional Greenhouse Gas Initiative (RGGI) charge will be subtracted from the Energize fee on electricity, ensuring that ratepayers are not disproportionately burdened as carbon pricing is expanded to the rest of the economy. We support system-wide carbon pricing across all energy sectors, including electricity. Our policy complements the RGGI fee that is already in place.

Carbon Price Rate Structure

The carbon price starts at $15 per ton of carbon dioxide equivalent, and then increases $5 per year. The slow and steady increase will maintain state revenues as Rhode Islanders begin to invest in renewable energy. The revenue builds our Clean Energy and Jobs Fund so that sustainable choices become accessible to even more Rhode Islanders.

![Graph of carbon price rate structure](image)
Economic Projections

ECONOMIC GROWTH:

- *Employment*: The bill is expected to **add more than 1,000 jobs** in the first two years, mostly in the construction industry. Long-term, the policy is expected to add 4,000 jobs by 2040.¹

  ![Annual Added Jobs by Industry](chart)

- *Revenues*: State revenues from the carbon price are expected to start at $140 million per year, increasing yearly.
- *Gross State Product*: REMI projects that **RI's GSP will increase $150 - $250 million by 2040** as Rhode Islanders invest less in out-of-state fuel imports and more in our local economy.
- *Demographics*: Increased wellbeing and job availability is predicted to attract about 2,000 to 3,000 new residents to Rhode Island by 2040.

¹Regional Economic Models, Inc., a public policy and economics-modeling firm based in Amherst, MA, completed our economic study in 2015. REMI has previously worked with federal and state agencies, utilities, non-profits, and other groups to analyze and forecast different economic policies.

EMISSIONS REDUCTIONS

- By incentivizing clean energy and funding investments in efficiency and renewables, Energize RI leads to huge drops in carbon pollution.
- REMI predicts a reduction in emissions of 20% - 30% from 1990 levels, which alone gets us halfway to our Resilient Rhode Island emissions goals for 2035.

![Emission Reductions Graph](chart)
Climate Change in Rhode Island

Climate change is real and urgent. This is the hottest year ever recorded in human history, and we are seeing the impacts of these changes here in Rhode Island. Climate change threatens our economy and communities. We need to act now to reduce emissions and move towards a low-carbon economy.

- **Sea level rise threatens our communities.**
  - Sea level has already risen 10 inches at the Newport tide gauge since 1938. Coastal storm surges are now impacting more properties because rising sea levels allow flooding to reach farther inland.
  - The floods in 2010 hit communities like Warwick and Cranston, causing $330 million in damage throughout the flood areas. Floods like these are getting more frequent and more severe.

- **Water warming and ocean acidification, both linked with rising temperatures, harm our ocean-based industries.**
  - Winter sea surface temperatures of Narragansett Bay have risen 4° F since the 1960s.
  - The Rhode Island lobster industry has been decimated: due to warming waters, local lobster populations have moved north and winter flounder populations have disappeared.

- **Climate change exacerbates already extreme and dangerous weather events.**
  - Super Storm Sandy hit South County incredibly hard ($11.2 million in damages). Businesses were wiped out and homes destroyed.
  - Floods, hurricanes, and storm water runoff are becoming larger problems. The frequency of severe storms has almost doubled since 1950.
  - The impacts of climate change are unpredictable: strange events like microbursts have the potential to leave homes destroyed and hundreds of thousands without power.
Another problem we face in Rhode Island is fluctuating energy costs and unreliable energy. We will continue to be vulnerable to these issues until we have diversified our energy usage by strengthening our local renewable sector and increasing efficiency.

- Rhode Islanders spend over $3.1 billion on fossil fuels every year, almost all of which goes out-of-state to places like Texas and Saudi Arabia because Rhode Island doesn’t produce any fossil fuels.
- Rhode Island relies on imported fossil fuels for 95% for all our energy usage. Our dependence on imported fossil fuels leaves us vulnerable to unpredictable price spikes and changes in energy supply.
- Rhode Island currently has 10,000 jobs in clean energy and efficiency, and 1,600 more will be added next year. This sector is growing faster than the rest of our economy - investing in this industry should be a priority.¹

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Impacts on Low-Income Rhode Islanders

In addition to reducing emissions, contributing to energy infrastructure projects, and creating jobs, the Energize RI Act will financially benefit low-income Rhode Islanders. Under the new fee and rebate system, lower income families and individuals—especially those who make sustainable choices—come out ahead. And the Clean Energy and Jobs Fund makes renewable energy and energy efficiency resources more accessible to all.

- **The majority of Rhode Islanders will come out ahead:** Rhode Islanders in all three lowest income quintiles (the bottom 60%) will, on average, receive more money back than they pay in pass-along costs from fossil fuel companies.

![Graph showing impacts on low-income Rhodans](image)
• The Energize RI Act leads the charge against climate change, a public health danger that most keenly affects the poor: Climate change exacerbates asthma and respiratory issues, extreme weather events, and risks of airborne disease, all of which are often worst in lower income or urban areas. Already, adults are twice as likely to be hospitalized for asthma in Providence than in other parts of the state.

• The average (median) Rhode Island household will make money from the fee and rebate in the first year, even without changing past patterns of energy use: The median household earns $56,000 and emits the equivalent of just over eight metric tons of carbon dioxide per year. The more a household adapts to sustainable energy sources, the more it will save in the long run.

• The top-earning 40% of households (making above $70,000) are projected to lose only $17 - $36 in the first year, even without changing their current energy use patterns. These extra expenses go toward funding access to solar panels, home weatherization, and other sustainability resources throughout Rhode Island.

• The Clean Energy and Jobs Fund focuses on providing renewable energy, energy efficiency, and weatherization to homes that previously did not have access. The Energize RI Act increases funding for renewable energy across income levels. All Rhode Islanders should be able to afford to make sustainable choices.

“Lower income Rhode Islanders will be more than protected from additional costs...the bill will lead to a cleaner environment, reduced carbon emissions, offsetting credits for lower-income earners, and a stronger, more innovative economy.”
- Doug Hall, Director of Economic and Fiscal Policy, Economic Progress Institute

EnergizeRI.org
facebook.com/EnergizeRI
@EnergizeRI
info@energizeri.org