



Conservation
Law Foundation



Acadia
Center

GREEN ENERGY
CONSUMERS ALLIANCE

June 4, 2026

Rhode Island General Assembly
82 Smith Street
Providence, RI 02903

Concerns Regarding Senate Bill No. 2645A, Utility Ownership of Generation

Dear House and Senate Leadership:

Thank you for considering the position of Conservation Law Foundation's (CLF), Acadia Center and Green Energy Consumers Alliance on Senate Bill No. 2645A and House Bill No. 7889, even though we are late in the session and these bills have had an initial hearing. When these bills were first heard, our organizations sought to understand the proposals prior to taking a position. We believed that it was unlikely that a bill with such significant and wide-ranging impacts on the entirety of our energy generation and distribution system would pass after a single hearing without any input from energy regulatory agencies such as the Public Utilities Commission (PUC) and Division of Public Utilities and Carriers (DPUC), or policymaking agencies such as the Office of Energy Resources and the Executive Climate Change Coordinating Commission.

CLF, Acadia Center and Green Energy Consumers Alliance oppose this haphazard change to the foundation of how Rhode Island regulates its electric utility, which is that our distribution utility should not own electricity generation. There is a basic logic to this regulatory principle. Distributing electricity to Rhode Islanders is a natural monopoly, meaning that it only makes sense for one company to put up the poles and wires that bring power to our homes. Competition on providing this service will not result in a more economically efficient outcome, just a lot of extra poles and wires for which someone has to pay. Generating electricity, however, is an industry where market competition leads to more efficient pricing. Wind turbines do not need fuel, so once they are built their operating costs are lower. Gas plants can turn on when asked, while wind turbines are environmentally dependent. It makes sense that these two generators would compete to provide electricity at the most efficient price point given their different characteristics.

This rationale is why in 1996 Rhode Island, along with four New England states and a dozen others nationally, restructured our electric utility to prohibit utilities from owning generation facilities.¹ While there are reasonable critiques of our energy system and concerns about the ongoing affordability of electricity supply, there has been little to no discussion as to whether this particular policy is the cause of those concerns. There has been no legislative study commission, Governor's Blue-Ribbon Commission, PUC investigation, or other review to determine if our current regulatory structure is still meeting our needs. Undoing a thirty-year precedent in the last two weeks of the legislative session based on the sole opinion of the existing utility monopoly defies logic and sound policy making.

¹ See RI Office of Energy Resources, *Rhode Island Restructuring Act* (1996), available at <https://energy.ri.gov/heating-cooling/fossil-fuels/learn-about-natural-gas/rhode-island-utility-restructuring-act-1996>.

The only entity that supported these bills in committee was Rhode Island Energy (RIE), a private for-profit company, whose fiduciary obligation is to return value to shareholders through providing utility services to Rhode Islanders. It is also the entity that stands to gain from building new capital-intensive projects. These changes in law will allow RIE to shift risk away from its shareholders and onto Rhode Island ratepayers. Ratepayers would cover any potential revenue shortfalls. This creates an uneven playing field where a ratepayer backstopped company is able to earn an administratively set return on its investment, while a private generator has to compete in the market to earn sufficient revenue to offset their costs. If a utility loses money on its commercial transactions, it has the opportunity to recover losses through ratepayers.

It is the opinion of our organizations that before taking a step down this path, the legislature should solicit insight and input from a greater variety of the stakeholders who will be irreversibly impacted by this change. This includes existing energy suppliers currently serving Rhode Islanders who would be displaced by this change, existing renewable energy developers who would now be competing with a monopoly for business opportunities, current regulators that would be tasked with implementing a policy about-face, academics that have studied energy markets, and economists with specialized insight into the current energy supply market.

We recognize that the goal of delivering safe, reliable, and affordable utility service is a shared goal across many stakeholders. However, it is naïve to believe that a profit-driven, investor-owned monopoly, which is the only entity that testified in favor of this policy change, would be the driving force behind this if it were not in their shareholders' financial interest.

We strongly urge the General Assembly to oppose this change until meaningful input from energy regulatory agencies such as the PUC and DPUC and other concerned groups can more thoughtfully weigh in with insight and input for your consideration.

Thank you for your consideration.

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