



The Clean Heat Standard for Rhode Island

What is a Clean Heat Standard?

A Clean Heat Standard (CHS) is a performance standard that requires heating suppliers such as gas utilities and oil and propane dealers to provide customers with gradually increasing percentages of clean heat services, phasing out the sale of fossil fuels. These providers would be required to obtain a certain amount of “Clean Heat Credits”, which would be generated by deploying “clean heat measures” such as heat pumps, clean district energy, weatherization, and other verified low-carbon options. Over time, the number of credits each heating provider would be required to obtain would increase in line with the Act on Climate’s greenhouse gas reduction mandate of 45% below 1990 levels by 2030 and net-zero by 2050.

Benefits of a Clean Heat Standard

A CHS would provide a more sustainable funding mechanism for electrification. Presently, the state energy efficiency program is funded by surcharges on electricity and natural gas. However, it is insufficiently funded to finance the gradual transition to building electrification, which is necessary to achieve the requirements of the Act on Climate. Furthermore, consumers who heat with oil or propane contribute less to the efficiency program than gas customers because oil and propane customers only pay the electricity surcharge. This funding approach for energy efficiency programs is unsustainable as we transition towards electrification, and it does not make sense to further increase the electricity surcharge to finance electrification. A CHS is a mandate on heating suppliers who sell gas, oil, or propane. A CHS does not require homeowners or businesses to make any particular clean heat choices. It is equitable to fund the transition through policies that distribute the associated costs uniformly across all residences and businesses, regardless of their heating fuel choice. A well-designed CHS can evenly distribute the expenses of the building decarbonization transition over the next 26 years and serve as a crucial funding source to complement existing energy efficiency and electrification initiatives. A properly implemented CHS not only helps achieve equitable funding but also generates additional employment opportunities in the clean energy sector.

Equity Can Be Built In

Disadvantaged communities are more likely to reside in aging and less energy-efficient homes, leading to increased energy burdens. Additionally, these communities bear a disproportionate share of the adverse health effects linked to society's heavy reliance on fossil fuels. It is crucial that equity be built into the CHS by requiring a substantial fraction of the clean heat services to be delivered to low-and-moderate-income consumers.

Rhode Island Would Follow Larger Markets

At a national level, both Colorado and Vermont have adopted a CHS. The Affordable Heat Act in Vermont that passed in 2023 directs Vermont’s Public Utility Commission to create a CHS, although specific policy details are currently under development. Massachusetts is currently creating a CHS through regulation. Rhode Island will benefit from the learnings of other states who are further along in the process.