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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

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A N A C T

RELATING TO HEALTH AND SAFETY -- RHODE ISLAND CLEAN HEAT STANDARD
ACT

Introduced By: Representatives Cortvriend, Bennett, McGaw, Speakman, Boylan,
Carson, Handy, Tanzi, and Kislak

Date Introduced: February 27, 2026

Referred To: House Environment and Natural Resources

It is enacted by the General Assembly as follows:

1 SECTION 1. Legislative findings.

2 (1) There is a need for obligated parties to reduce greenhouse gas emissions attributable to
3 the Rhode Island thermal sector by retiring required amounts of clean heat credits to meet the
4 emissions reductions required in § 42-6.2-3 ("act on climate").

5 (2) The clean heat standard shall be designed and implemented to enhance social equity by
6 minimizing adverse impacts to low-income and moderate-income customers and those households
7 with the highest energy burdens. The design shall ensure all customers have an equitable
8 opportunity to participate in, and benefit from, clean heat measures regardless of heating fuel used,
9 income level, geographic location, or homeownership status.

10 SECTION 2. Title 23 of the General Laws entitled "HEALTH AND SAFETY" is hereby
11 amended by adding thereto the following chapter:

12 CHAPTER 23.8

13 RHODE ISLAND CLEAN HEAT STANDARD ACT

14 **23-23.8-1. Short title.**

15 This chapter shall be known and may be cited as the "Rhode Island Clean Heat Standard
16 Act."

17 **23-23.8-2. Definitions.**

18 As used in this chapter:

1 (1) "Clean heat credit" means a tradeable, non-tangible commodity that represents the
2 amount of greenhouse gas reduction caused by a clean heat measure.

3 (2) "Clean heat measure" means fuel and technologies delivered and installed to end-use
4 customers in Rhode Island that reduce greenhouse gas emissions. Clean heat measures shall not
5 include switching from one fossil fuel use to another fossil fuel use, or the use of renewable natural
6 gas or hydrogen. The council shall adopt a list of acceptable actions that qualify as clean heat
7 measures, which shall include weatherization, air-source heat pumps, air-source heat pump water
8 heaters, ground-source heat pumps, electric stoves, and electric dryers.

9 (3) "Council" or "the council" means the Rhode Island executive climate change
10 coordinating council.

11 (4) "Default delivery agent" means the entity designated by the council to provide services
12 that generate tradeable clean heat credits.

13 (5) "Department of environmental management" or "DEM" means the state government
14 agency charged with supervising and controlling the protection, development, planning, and
15 utilization of the natural resources of the state and of which the director is the chair of the executive
16 climate change coordinating council.

17 (6) "Energy burden" means the annual spending on thermal energy as a percentage of
18 household income.

19 (7) "Entity" means any individual, trustee, agency, partnership, association, corporation,
20 company, municipality, political subdivision, or any other form of organization.

21 (8) "Heating fuel" means fossil-based heating fuel, including oil, propane, natural gas, coal,
22 and kerosene.

23 (9) "Obligated party" means:

24 (i) A natural gas utility, whether investor-owned or a municipal utility, serving customers
25 in Rhode Island; or

26 (ii) For other heating fuels, the entity that makes the first sale of heating fuel into or in the
27 state for consumption within the state. Electricity suppliers shall not be obligated parties.

28 (10) "Office of energy resources" or "OER" means the state agency charged with leading
29 Rhode Island towards a clean, affordable, reliable, and equitable energy future.

30 (11) "Public utilities commission" or "PUC" means the agency that serves as a quasi-
31 judicial tribunal with jurisdiction, powers, and duties to implement and enforce the standards of
32 conduct under § 39-1-27.6 and to hold investigations and hearings involving the rates, tariffs, tolls,
33 and charges, and the sufficiency and reasonableness of facilities and accommodations of railroad,
34 ferry boats, gas, electric distribution, water, telephone, telegraph, and pipeline public utilities, the

1 location of railroad depots and stations, and the control of grade crossings, the revocation,
2 suspension or alteration of certificates issued pursuant to § 39-19-4, appeals under § 39-1-30,
3 petitions under § 39-1-31, and proceedings under § 39-1-32.

4 (12) "Thermal sector" means the residential, non-residential, commercial, and industrial
5 fuel use sectors.

6 (13) "Weatherized" and/or "weatherization" means the process of protecting a building and
7 its interior from the elements, particularly from sunlight, precipitation, and wind, and of modifying
8 a building to reduce energy consumption and optimize energy efficiency.

9 **23-23.8-3. Clean heat standard implementation.**

10 (a) Beginning no later than July 1, 2027, the department of environmental management
11 ("DEM") shall begin promulgating rules and regulations to establish or adopt a system of tradeable
12 clean heat credits earned from the delivery of clean heat measures that reduce greenhouse gas
13 emissions. The DEM shall be the lead agency for regulations, rulemaking, enforcement, and
14 emissions tracking, but work in coordination with the office of energy resources ("OER") and the
15 public utilities commission ("PUC"). The OER shall provide technical assistance, modeling
16 support, and guidance on eligible clean heat strategies and the PUC shall oversee utility cost
17 recovery, ratepayer protections, and plan approvals.

18 (b) The DEM shall make every effort to coordinate with energy efficiency programs to
19 prioritize energy efficiency and weatherization first before implementing other clean heat
20 measures. Clean heat measures shall be consistent with least cost procurement in § 39-1-27.7.

21 (c) An obligated party may obtain the required amount of clean heat credits through
22 delivery of eligible clean heat measures, through contracts for delivery of eligible clean heat
23 measures, through the market purchase of clean heat credits, or through delivery of eligible clean
24 heat measures by a designated statewide default delivery agent.

25 (d) The DEM, in coordination with the OER and PUC, shall establish a system of
26 recognition for clean heat credits pursuant to this section.

27 **23-23.8-4. Compliance with the clean heat standard.**

28 (a) Required amounts:

29 (1) The department of environmental management ("DEM") shall establish the number of
30 clean heat credits that each obligated party is required to retire each calendar year. The size of the
31 annual requirement shall be set at a pace sufficient for the thermal sector to achieve lifecycle carbon
32 dioxide equivalent (CO₂e) emission reductions consistent with chapter 6.2 of title 42 for 2030,
33 2040, and 2050.

34 (2) Annual requirements shall be expressed as a percent of each obligated party's

1 contribution to the thermal sector's lifecycle CO₂e emissions in the previous year with the annual
2 percentages being the same for all parties.

3 (3) The DEM may adjust the annual requirements for good cause after notice and
4 opportunity for public process. Good cause may include a shortage of clean heat credits or undue
5 adverse financial impacts on particular customers or demographic segments. Any downward
6 adjustment shall be allowed for only a short, temporary period.

7 (b) Annual registration:

8 (1) The DEM shall require registration information to include legal name, doing business
9 as name if applicable, municipality, state, type of heating fuel sold, and the volume of sales of
10 heating fuels into or in the state for final sale or consumption in the state in the calendar year
11 immediately preceding the calendar year in which the entity is registering with the council.

12 (2) The DEM shall maintain, and update annually, a list of registered entities on its website
13 that contains the required registration information, except that the public list shall not include
14 heating fuel volumes reported.

15 (3) For any entity not registered, the first registration form shall be due thirty (30) days
16 after the first sale of heating fuel to a location in Rhode Island.

17 (4) Clean heat requirements shall transfer to entities that acquire an obligated party.

18 (c) Equitable distribution of clean heat measures: A substantial portion of clean heat credits
19 retired by each obligated party shall be sourced from clean heat measures delivered to low-income
20 and moderate-income customers. The portion of each obligated party's required amount needed to
21 satisfy the annual clean heat standard requirement shall be at least twenty percent (20%) from low-
22 income customers and twenty percent (20%) from moderate-income customers, as those terms are
23 provided for in § 39-2-1.

24 (d) Compliance of obligated parties with the clean heat standard shall begin by July 1,
25 2028.

26 **23-23.8-5. Authority.**

27 (a) The department of environmental management (“DEM”) shall designate the default
28 delivery agent. The default delivery agent shall be a single statewide entity capable of providing a
29 variety of clean heat measures and contracted for a multiyear period through a competitive
30 procurement process. The entity selected as the default delivery agent may also be a market
31 participant but shall not be an obligated party.

32 (b) The DEM shall adopt annually the cost per clean heat credit to be paid to the default
33 delivery agent by an obligated party that chooses this option. In adjusting the default delivery agent
34 credit cost, the council shall consider the default delivery agent's anticipated costs to deliver clean

1 heat measures and costs borne by customers, among other factors determined by the council.
2 Changes to the cost of credits shall take effect not less than one hundred eighty (180) days after
3 adoption.

4 (c) All funds received from noncompliance payments pursuant to subsection (d) of this
5 section shall be used by the default delivery agent to provide clean heat measures to low-income
6 customers.

7 (d) The DEM may order an obligated party that fails to retire the number of clean heat
8 credits required in a given year, including the required amounts from low-income and moderate-
9 income customers, to make a noncompliance payment to the default delivery agent. The per-credit
10 amount of the noncompliance payment shall be three (3) times the amount established by the
11 council under this section for timely per-credit payments to the default delivery agent.

12 (e) The DEM is granted any additional authority to implement this section, and any rules
13 or orders adopted to implement the provisions of this section, as may be necessary beyond its
14 existing authorities including, but not limited to, issuing procedures, promulgating regulations,
15 consulting with stakeholders, conducting public engagement, ordering penalties and injunctive
16 relief, and contracting as appropriate to support administration of responsibilities under this
17 chapter.

18 **23-23.8-6. Tradeable clean heat credit.**

19 (a) The department of environmental management (“DEM”) shall establish or adopt a
20 system of tradeable clean heat credits that may be earned by reducing greenhouse gas emissions
21 through the delivery of clean heat measures. While credit denominations may be in simple terms
22 for public understanding and ease of use, the underlying value shall be based on units of carbon
23 dioxide equivalent (CO₂e). The system shall provide a process for the recognition, approval, and
24 monitoring of the clean heat credits. The council shall perform the verification of clean heat credit
25 claims.

26 (b) Clean heat credits shall be based on the lifecycle CO₂e emission reductions that result
27 from the delivery of eligible clean heat measures to end-use customer locations in Rhode Island.
28 For clean heat measures that are installed, the value of the clean heat credits in each year shall be
29 the lifecycle CO₂e emissions of the heating fuel avoided by the installation of the measure, minus
30 the lifecycle CO₂e emissions of the energy that is used instead.

31 (c) To promote certainty for obligated parties and clean heat providers, the DEM shall, by
32 rule or order, establish a schedule of lifecycle emission rates for heating fuels and eligible clean
33 heat measures. The schedule shall be based on transparent and accurate emissions accounting
34 adapting the Argonne National Laboratory GREET Model, Intergovernmental Panel on Climate

1 Change (IPCC) modeling, or an alternative of comparable analytical rigor to achieve the thermal
2 sector greenhouse gas emissions reductions necessary to meet the sector's share of greenhouse gas
3 reduction requirements to accurately account for emissions from biogenic and geologic sources,
4 and to deter substantial unintended harmful consequences. The schedule may be amended based
5 upon changes in technology or evidence on emissions, but clean heat credits previously awarded
6 shall not be adjusted retroactively.

7 (d) Clean heat credits shall be "time stamped" for the year in which the clean heat measure
8 is delivered as well as each subsequent year during which the measure produces emission
9 reductions. Only clean heat credits with the current year time stamp, and credits banked from
10 previous years, shall be eligible to satisfy the current year obligation.

11 (e) Clean heat credits can be earned only in proportion to the deemed or measured thermal
12 sector greenhouse gas emission reductions achieved by a clean heat measure delivered in Rhode
13 Island. Other emissions offsets, wherever located, shall not be eligible measures.

14 (f) All eligible clean heat measures that are delivered in Rhode Island shall be eligible for
15 clean heat credits and may be retired and count towards an obligated party's emission reduction
16 obligations, regardless of who creates or delivers them and regardless of whether their creation or
17 delivery was required by other state policies and programs. The council shall determine whether
18 the total value of a clean heat credit for an installed measure shall be claimed in the year it is
19 installed or whether the annual value of that credit shall be applied each year of the measure's life.
20 The DEM shall determine whether to require a certain portion of clean heat credits to be acquired
21 each year from weatherization projects to further the state's building efficiency goals. The council
22 shall recommend legislative changes, if needed, to accomplish this.

23 (g) The DEM shall create a registration system to lower administrative barriers to
24 individuals and businesses seeking to register qualified actions eligible to earn clean heat credits
25 and to facilitate the transfer of credits to obligated parties. The DEM may hire a third-party
26 consultant to evaluate, develop, implement, maintain, and support a database or other means for
27 tracking clean heat credits and compliance with the annual requirements of obligated parties. The
28 system shall require entities to submit the following information to receive the credit: the location
29 of the clean heat measure, whether the customer or tenant has a low- or moderate-income, the type
30 of property where the clean heat measure was installed or sold, the type of clean heat measure, and
31 any other information as required by the council.

32 (h) If any provision of this section or its application are held invalid or in violation of the
33 Constitution or laws of the United States or Rhode Island, the invalidity or the violation shall not
34 affect other provisions of this section that can be given effect without the invalid provision or

1 application, and to this end, the provisions of this section are severable.

2 (i) Within ninety (90) days following the enactment of this chapter, the council shall
3 commence any necessary proceedings to implement this chapter.

4 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO HEALTH AND SAFETY -- RHODE ISLAND CLEAN HEAT STANDARD
ACT

1 This act would create the Rhode Island clean heat standards act to implement a system of
2 tradeable clean heat credits earned from the delivery of clean heat measures that reduce greenhouse
3 gas emissions.

4 This act would take effect upon passage.

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