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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2023

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- HOME HEATING GREENHOUSE
GAS EMISSIONS REDUCTION ACT

Introduced By: Representatives Cortvriend, McGaw, Carson, Tanzi, Handy, Kislak,
Donovan, Speakman, and Cotter

Date Introduced: February 15, 2023

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 39 of the General Laws entitled "PUBLIC UTILITIES AND
2 CARRIERS" is hereby amended by adding thereto the following chapter:

3 CHAPTER 26.10

4 HOME HEATING GREENHOUSE GAS EMISSIONS REDUCTION ACT

5 **39-26.10-1. Short title.**

6 This chapter shall be known and may be cited as the "Home Heating Greenhouse Gas
7 Emissions Reduction Act".

8 **39-26.10-2. Definitions.**

9 When used in this chapter the following terms shall have the following meanings:

10 (1) "Customer" means a retail natural gas customer.

11 (2) "Commissioner" means the commissioner of the office of energy resources.

12 (3) "Gas transition bond" means a bond, note, certificate of participation or beneficial
13 interest, or other evidence of indebtedness or ownership, issued pursuant to an executed indenture-
14 financing document, or other agreement of the financing entity, secured by or payable from
15 ratepayer payments.

16 (4) "Networked geothermal system" means a utility-scale renewable thermal energy
17 distribution infrastructure consisting of underground distribution pipelines that connect distributed
18 thermal sources and thermal storage, including geothermal boreholes, to provide customers with

1 thermal energy for heating, or heating and cooling. Such a system may include heat pumps on the
2 utility side of the meter that are owned by a gas company as part of its distribution infrastructure.

3 (5) "Non-emitting renewable thermal infrastructure project" means a utility-scale project
4 that replaces natural gas distribution infrastructure with distribution infrastructure that supplies
5 heating, or heating and cooling, from fuel sources whose combustion does not emit greenhouse
6 gases, as defined as any chemical or physical substance that is emitted into the air and that the
7 department may reasonably anticipate will cause or contribute to climate change including, but not
8 limited to, carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and
9 sulfur hexafluoride. A non-emitting renewable thermal infrastructure project may include, but is
10 not limited to, a networked geothermal system.

11 **39-26.10-3. Gas transition customer trust fund.**

12 (a) There is hereby established and placed within the Rhode Island infrastructure bank, a
13 separate fund to be known as the "gas transition trust fund". The Rhode Island infrastructure bank
14 shall hold the gas transition trust fund in an account or accounts separate from other funds. There
15 shall be credited to the gas transition trust fund, any such funds from § 39-26.10-5(g) and any
16 eligible funds generated through § 39-2-1.2 and an initial appropriation from funds in the treasury
17 not otherwise appropriated for the fiscal year 2023-2024 in an amount sufficient to fund this
18 chapter. All amounts credited to the gas transition trust fund shall be held in trust and used solely
19 for activities and expenditures consistent with the permitted purposes of the gas transition trust fund
20 as set forth in subsection (b) of this section, including the ordinary and necessary expenses of
21 administration and operation associated with the gas transition trust fund. Unless otherwise
22 specified, all monies of the gas transition trust fund, from whatever source derived, shall be paid to
23 the Rhode Island infrastructure bank. Funds in these accounts shall be paid out on the warrant or
24 other order of the Rhode Island infrastructure bank or other person that the board may authorize to
25 execute warrants. Any unexpended balance in the gas transition trust fund at the close of a fiscal
26 year shall remain in the gas transition trust fund and shall be available for expenditure in the
27 following fiscal year; provided, however, that the gas transition trust fund shall not be in deficit at
28 the end of any state fiscal year.

29 (b) The Rhode Island infrastructure bank may make expenditures from the gas transition
30 trust fund for the following purposes:

31 (1) To replace gas appliances with electric appliances as needed to enable a customer to
32 connect to the non-emitting renewable thermal infrastructure project as provided in this chapter and
33 to enable service to a building by a non-emitting renewable thermal infrastructure project. The
34 Rhode Island infrastructure bank in consultation with the office of energy resources shall be

1 responsible for determining the cost to upgrade appliances and for overseeing the installation of
2 such appliances. The Rhode Island infrastructure bank shall set a cap on compensation to the
3 building owner or occupant for such new appliances; provided, however that a landlord shall certify
4 in writing to the Rhode Island infrastructure bank that such landlord will not transfer the cost of
5 appliances paid for by the gas transition trust fund to any tenant. The Rhode Island infrastructure
6 bank shall, within twelve (12) months of enactment of this section, promulgate rules and regulations
7 for the implementation of this requirement.

8 (2) To ensure that a low-income consumer has the opportunity to connect to the new non-
9 emitting renewable thermal infrastructure project as provided in this chapter, including by adding
10 or upgrading insulation, electric wiring and capacity as needed. The Rhode Island infrastructure
11 bank shall set a cap on compensation to the building owner or occupant; provided, however, that a
12 landlord shall certify in writing to the Rhode Island infrastructure bank that such landlord will not
13 transfer the cost of upgrades paid for by the gas transition trust fund to any tenant. The Rhode Island
14 infrastructure bank shall, within twelve (12) months of the enactment of this section, promulgate
15 rules and regulations for the implementation of this requirement.

16 (c) The Rhode Island infrastructure bank shall provide a report to the general assembly at
17 the end of each fiscal year that summarizes expenditures from the gas transition trust fund over the
18 prior twelve (12) months.

19 **39-26.10-4. Gas company transition bonds.**

20 (a) The public utilities commission may approve the issuance of bonds to be called "gas
21 transition bonds", issued by the Rhode Island infrastructure bank for a plan proposed by a gas
22 company pursuant to subsection (c) of this section. A gas transition bond shall not constitute a debt
23 or liability of the state or of any political subdivision thereof, other than the Rhode Island
24 infrastructure bank, and shall not constitute a pledge of the full faith and credit of the state or any
25 of its political subdivisions, other than the Rhode Island infrastructure bank, but shall be payable
26 solely from the funds provided therefor pursuant to the provisions of this chapter. Each bond shall
27 contain on the face thereof the following statement: Neither the full faith and credit nor the taxing
28 power of the State of Rhode Island is pledged to the payment of the principal of, or interest on, this
29 bond.

30 (b) The issuance of a gas transition bond pursuant to this section shall not obligate the state,
31 or any political subdivision thereof, to levy or to pledge any form of taxation therefor or to make
32 any appropriation for its payment. A gas transition bond shall be nonrecourse to the credit of the
33 Rhode Island infrastructure bank as the financing entity or any assets of a gas company other than
34 rate payments.

1 (c)(1) A plan filed by a gas company pursuant to § 39-26.10-3 may include a proposal to
2 use gas transition bonds to finance a non-emitting renewable thermal infrastructure project. A non-
3 emitting renewable thermal infrastructure project may connect to backup sources of power that use
4 fuel sources whose combustion emit greenhouse gases. Such plan shall include, but need not be
5 limited to:

- 6 (i) The information required by § 39-26.10-3(b);
- 7 (ii) The estimated cost savings as defined in subsection (f) of this section;
- 8 (iii) The number of participating consumers and buildings; and
- 9 (iv) The number of participating low-income residents as defined in § 45-24.2-2.

10 (2) A consumer shall be deemed to be participating in a non-emitting renewable thermal
11 infrastructure project if prior to such project the consumer had utilized natural gas or other carbon-
12 based fuel and if such consumer upon completion of such project will receive service from such
13 project or from an alternative non-greenhouse-gas emitting fuel source.

14 (3) A building shall be deemed to participate in a non-emitting renewable thermal
15 infrastructure project if prior to the project the building had utilized natural gas or other carbon-
16 based fuel and if such building upon completion of such project will receive heating from such
17 project or from an alternative non-greenhouse-gas emitting fuel source.

18 (4) Notwithstanding anything to the contrary in this chapter, a non-emitting renewable
19 thermal infrastructure project financed in whole or in part by gas transition bonds may provide
20 service to new customers.

21 (d)(1) The commission may, within twelve (12) months of enactment of this section,
22 promulgate regulations for the use of gas transition bonds for a non-emitting renewable thermal
23 infrastructure project; provided, however, that such project meets the conditions required in
24 subsections (d)(2) and (3) of this section.

25 (2) The commission shall approve a plan by a gas company to use gas transition bonds for
26 a non-emitting renewable thermal infrastructure project provided that the project meets the
27 following conditions:

28 (i) That gas transition bonds shall provide at least sixty-five (65%) percent of the funding
29 for a non-emitting renewable thermal infrastructure project; provided, however, that the interest
30 rate on the gas transition bonds is less than the rate of return on the equity of the gas company;

31 (ii) That gas transition bonds shall be rated AA or Aa or better by a national statistical
32 rating organized recognized by the United States Securities and Exchange Commission at the time
33 of issuance; provided, however, that the commission may approve a different rating if it determines
34 that the rating would promote the improvement of public health and public safety, reduce

1 greenhouse gas emissions, address environmental justice, minimize financial risk, or maximize the
2 costs savings of a project;

3 (iii) That the gas company ensures that each consumer and building participating in a non-
4 emitting renewable thermal infrastructure project will have a reliable source of non-emitting
5 renewable thermal service; provided, however, that if a consumer or building owner chooses not to
6 participate in a non-emitting renewable thermal infrastructure project for a reason other than
7 technical infeasibility, then such consumer or building owner shall arrange and pay for an
8 alternative thermal service; and

9 (iv) That any additional conditions are met that the division of public utilities and carriers
10 (division) in consultation with the commission may determine to be appropriate to promote the
11 improvement of public health and public safety, reducing greenhouse gas emissions, addressing
12 environmental justice, minimizing financial risk, reducing the cost of energy to the consumer, or
13 maximizing the costs savings of a project.

14 (3) The commission in approving bonds shall prioritize low-income consumers in its
15 approval of the use of gas transition bonds in financing a non-emitting renewable thermal
16 infrastructure project.

17 (e)(1) The commission shall calculate the cost savings from the use of gas transition bonds
18 rather than traditional financing for projects approved under this chapter, and any additional
19 provisions deemed appropriate by the commission;

20 (i) For the portion of a non-emitting renewable thermal infrastructure project that is
21 financed by gas transition bonds, the difference in interest rate for such bonds and the interest rate
22 on debt approved for other projects in the plan filed by a gas company pursuant to § 39-26.10-3. If
23 a plan filed pursuant to § 39-26.10-3 proposes only to use gas transition bonds for a non-emitting
24 thermal infrastructure project, then the interest rate for such bonds shall be compared to the most
25 recent interest rate on debt approved by the commission for such gas company; and

26 (ii) For the portion of a non-emitting renewable thermal infrastructure project that is
27 financed by gas transition bonds but would otherwise be financed by the equity of a gas company,
28 the difference between the interest rate for the gas transition bonds and the return on equity
29 approved for other projects in the plan filed by a gas company pursuant to § 39-26.10-3. If a plan
30 filed pursuant to § 39-26.10-3 proposes only to use gas transition bonds for a non-emitting
31 renewable thermal infrastructure project, then the return on equity shall be calculated as the most
32 recent return on equity approved by the commission for the gas company.

33 (2) For purposes of calculating cost savings under subsection (e)(1)(ii) of this section, a gas
34 company may use the interest rates for debt and return on equity proposed in the plan filed pursuant

1 to § 39-26.10-3.

2 (f) All cost savings generated by the use of gas transition bonds by a gas company shall be
3 deposited by the commission into separate account within the Rhode Island infrastructure bank
4 called the gas transition trust fund established under § 39-26.10-4 and shall be used for the purposes
5 outlined in this chapter. A gas company shall provide the commission and the Rhode Island
6 infrastructure bank details of an approved non-emitting renewable thermal infrastructure project,
7 including the number of participating consumers and buildings and such other information
8 requested by the commission to determine the costs to install appliances and upgrade buildings to
9 connect consumers and buildings to a non-emitting renewable thermal infrastructure project.

10 (g) A gas company shall submit an annual report to the commission regarding the
11 company's use of gas transition bonds. The report shall include:

12 (i) The costs and cost savings associated with the use of gas transition bonds;

13 (ii) The total number of square footage of buildings transitioned to each non-emitting
14 renewable thermal infrastructure project;

15 (iii) The total number of consumers transitioned to each non-emitting renewable thermal
16 infrastructure project;

17 (iv) The number of low-income consumers transitioned to each non-emitting renewable
18 thermal infrastructure project;

19 (v) The impact of a non-emitting renewable thermal infrastructure project on greenhouse
20 gas emissions, public health, ratepayer bills, and the reliability and safety of the thermal delivery
21 system of such gas company; and

22 (vi) Other information as required by the commission. If a social cost of carbon is adopted
23 by the commission, the social cost of carbon shall be included in the calculation of costs and
24 savings. The annual reports may, under the discretion of the commission, be incorporated into other
25 filings by a gas company; provided that the reports shall be available for review by the public.

26 (h) Three (3) years following the enactment of this section, the commission shall collate
27 data collected pursuant to subsection (g) of this section and shall file a report with the governor,
28 the president of the senate, and the speaker of the house of representatives, on the use of gas
29 transition bonds for non-emitting renewable thermal infrastructure projects. The commission shall
30 include in the report data collected on the use of funds pursuant to subsection (g) of this section.

31 (i) Three (3) years following the enactment of this section, the director of the department
32 of public utilities, the office of energy resources, and the attorney general, shall determine whether
33 the use of gas transition bonds should be expanded. When making this determination, the
34 commission shall consider:

- 1 (1) The maximum amount of gas transition bonds that can be utilized;
2 (2) The types of projects that can be financed with gas transition bonds; and
3 (3) Additional use of funds for non-emitting renewable thermal infrastructure projects.
4 (j) The commission may, within twelve (12) months of the enactment of this chapter,
5 promulgate rules and regulations as needed to implement the requirements of this chapter.

6 **39-26.10-5. Gas company transition plans.**

7 (a) A gas company shall submit an annual report to the commission regarding the
8 company's plan to transition its existing gas infrastructure to non-emitting renewable thermal
9 infrastructure projects that advance the greenhouse gas emission reduction requirements of the
10 chapter 6.2 of title 42 the ("act on climate"). The report shall include the following information:

11 (i) The company's plan to abandon existing gas infrastructure that is not cost effective to
12 transition to a non-emitting renewable thermal infrastructure project;

13 (ii) The company's plan to evolve existing gas infrastructure that is cost effective to
14 transition to a non-emitting renewable thermal infrastructure project;

15 (iii) The company's plan to:

16 (A) Maintain existing gas infrastructure that provides service to a use for which, at the time
17 that the report is prepared, there is no technical option to transition to a non-emitting renewable
18 thermal infrastructure project; and

19 (B) Reduce greenhouse gas emissions from existing gas infrastructure that the gas company
20 plans to maintain; and

21 (iv) Other information as the commission may require.

22 (b) In determining whether it is cost effective to transition existing gas infrastructure to
23 non-emitting renewable thermal infrastructure, a gas company shall consider factors such as the
24 existing infrastructure's leak status, current depreciation, schedule of future depreciation, impact
25 on public health and public safety, and the impact of transitioning to a non-emitting renewable
26 thermal infrastructure on the reduction of greenhouse gas emissions pursuant to chapter 6.2 of title
27 42.

28 (c) A report required by subsection (b) of this section may, under the discretion of the
29 commission, be incorporated into other filings by a gas company provided that the reports shall be
30 available for review by the public.

31 (d) The commission shall, within twelve (12) months of the enactment of this section,
32 promulgate rules and regulations as needed to implement the requirements of this section.

33 SECTION 2. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of
34 Utilities and Carriers" is hereby amended to read as follows:

1 **39-2-1.2. Utility base rate — Advertising, demand-side management, and renewables.**

2 (a) In addition to costs prohibited in § 39-1-27.4(b), no public utility distributing or
3 providing heat, electricity, or water to or for the public shall include as part of its base rate any
4 expenses for advertising, either direct or indirect, that promotes the use of its product or service, or
5 is designed to promote the public image of the industry. No public utility may furnish support of
6 any kind, direct or indirect, to any subsidiary, group, association, or individual for advertising and
7 include the expense as part of its base rate. Nothing contained in this section shall be deemed as
8 prohibiting the inclusion in the base rate of expenses incurred for advertising, informational or
9 educational in nature, that is designed to promote public safety conservation of the public utility's
10 product or service. The public utilities commission shall promulgate such rules and regulations as
11 are necessary to require public disclosure of all advertising expenses of any kind, direct or indirect,
12 and to otherwise effectuate the provisions of this section.

13 (b) Effective as of January 1, 2008, and for a period of twenty (20) years thereafter, each
14 electric distribution company shall include a charge per kilowatt-hour delivered to fund demand-
15 side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy
16 programs shall remain in effect until December 31, 2028. The electric distribution company shall
17 establish and, after July 1, 2007, maintain, two (2) separate accounts, one for demand-side
18 management programs (the "demand-side account"), which shall be funded by the electric demand-
19 side charge and administered and implemented by the distribution company, subject to the
20 regulatory reviewing authority of the commission, and one for renewable energy programs, which
21 shall be administered by the Rhode Island commerce corporation pursuant to § 42-64-13.2 and shall
22 be held and disbursed by the distribution company as directed by the Rhode Island commerce
23 corporation for the purposes of developing, promoting, and supporting renewable energy programs.

24 During the time periods established in this subsection, the commission may, in its
25 discretion, after notice and public hearing, increase the sums for demand-side management and
26 renewable resources. In addition, the commission shall, after notice and public hearing, determine
27 the appropriate charge for these programs. The office of energy resources, and/or the administrator
28 of the renewable energy programs, may seek to secure for the state an equitable and reasonable
29 portion of renewable energy credits or certificates created by private projects funded through those
30 programs. As used in this section, "renewable energy resources" shall mean: (1) Power generation
31 technologies, as defined in § 39-26-5, "eligible renewable energy resources," including off-grid
32 and on-grid generating technologies located in Rhode Island, as a priority; (2) Research and
33 development activities in Rhode Island pertaining to eligible renewable energy resources and to
34 other renewable energy technologies for electrical generation; or (3) Projects and activities directly

1 related to implementing eligible renewable energy resources projects in Rhode Island.
2 Technologies for converting solar energy for space heating or generating domestic hot water may
3 also be funded through the renewable energy programs. Fuel cells may be considered an energy
4 efficiency technology to be included in demand-side management programs. Special rates for low-
5 income customers in effect as of August 7, 1996, shall be continued, and the costs of all of these
6 discounts shall be included in the distribution rates charged to all other customers. Nothing in this
7 section shall be construed as prohibiting an electric distribution company from offering any special
8 rates or programs for low-income customers which are not in effect as of August 7, 1996, subject
9 to the approval by the commission.

10 (1) The renewable energy investment programs shall be administered pursuant to rules
11 established by the Rhode Island commerce corporation. Said rules shall provide transparent criteria
12 to rank qualified renewable energy projects, giving consideration to:

- 13 (i) The feasibility of project completion;
 - 14 (ii) The anticipated amount of renewable energy the project will produce;
 - 15 (iii) The potential of the project to mitigate energy costs over the life of the project; and
 - 16 (iv) The estimated cost per kilowatt-hour (KWh) of the energy produced from the project.
- 17 (c) [Deleted by P.L. 2012, ch. 241, art. 4, § 14.]

18 (d) The chief executive officer of the commerce corporation is authorized and may enter
19 into a contract with a contractor for the cost-effective administration of the renewable energy
20 programs funded by this section. A competitive bid and contract award for administration of the
21 renewable energy programs may occur every three (3) years and shall include, as a condition, that
22 after July 1, 2008, the account for the renewable energy programs shall be maintained and
23 administered by the commerce corporation as provided for in subsection (b) of this section.

24 (e) Effective January 1, 2007, and for a period of twenty-one (21) years thereafter, each
25 gas distribution company shall include, with the approval of the commission, a charge per deca
26 therm delivered to fund demand-side management programs (the “gas demand-side charge”),
27 including, but not limited to, programs for cost-effective energy efficiency, energy conservation,
28 combined heat and power systems, and weatherization services for low-income households.

29 (f) Each gas company shall establish a separate account for demand-side management
30 programs (the “gas demand-side account”) that shall be funded by the gas demand-side charge and
31 administered and implemented by the distribution company, subject to the regulatory reviewing
32 authority of the commission. The commission may establish administrative mechanisms and
33 procedures that are similar to those for electric demand-side management programs administered
34 under the jurisdiction of the commission and that are designed to achieve cost-effectiveness and

1 high, life-time savings of efficiency measures supported by the program.

2 (g) The commission may, if reasonable and feasible, except from this demand-side
3 management charge:

4 (1) Gas used for distribution generation; and

5 (2) Gas used for the manufacturing processes, where the customer has established a self-
6 directed program to invest in and achieve best-effective energy efficiency in accordance with a plan
7 approved by the commission and subject to periodic review and approval by the commission, which
8 plan shall require annual reporting of the amount invested and the return on investments in terms
9 of gas savings.

10 (h) The commission may provide for the coordinated and/or integrated administration of
11 electric and gas demand-side management programs in order to enhance the effectiveness of the
12 programs. Such coordinated and/or integrated administration may after March 1, 2009, upon the
13 recommendation of the office of energy resources, be through one or more third-party entities
14 designated by the commission pursuant to a competitive selection process.

15 (i) Effective January 1, 2007, the commission shall allocate, from demand-side
16 management gas and electric funds authorized pursuant to this section, an amount not to exceed
17 three percent (3%) of such funds on an annual basis for the retention of expert consultants, and
18 reasonable administration costs of the energy efficiency and resources management council
19 associated with planning, management, and evaluation of energy-efficiency programs, renewable
20 energy programs, system reliability least-cost procurement, and with regulatory proceedings,
21 contested cases, and other actions pertaining to the purposes, powers, and duties of the council,
22 which allocation may by mutual agreement, be used in coordination with the office of energy
23 resources to support such activities.

24 (j) Effective January 1, 2016, the commission shall annually allocate from the
25 administrative funding amount allocated in subsection (i) from the demand-side management
26 program as described in subsection (i) as follows: forty percent (40%) for the purposes identified
27 in subsection (i) and sixty percent (60%) annually to the office of energy resources for activities
28 associated with planning, management, and evaluation of energy-efficiency programs, renewable
29 energy programs, system reliability, least-cost procurement, and with regulatory proceedings,
30 contested cases, and other actions pertaining to the purposes, powers, and duties of the office of
31 energy resources.

32 (k) On April 15, of each year, the office and the council shall submit to the governor, the
33 president of the senate, and the speaker of the house of representatives, separate financial and
34 performance reports regarding the demand-side management programs, including the specific level

1 of funds that were contributed by the residential, municipal, and commercial and industrial sectors
2 to the overall programs; the businesses, vendors, and institutions that received funding from
3 demand-side management gas and electric funds used for the purposes in this section; and the
4 businesses, vendors, and institutions that received the administrative funds for the purposes in
5 subsections (i) and (j). These reports shall be posted electronically on the websites of the office of
6 energy resources and the energy efficiency and resources management council.

7 (l) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank, each
8 electric distribution company, except for the Pascoag Utility District and Block Island Power
9 Company, shall remit two percent (2%) of the amount of the 2014 electric demand-side charge
10 collections to the Rhode Island infrastructure bank.

11 (m) On or after August 1, 2015, at the request of the Rhode Island infrastructure bank, each
12 gas distribution company shall remit two percent (2%) of the amount of the 2014 gas demand-side
13 charge collections to the Rhode Island infrastructure bank.

14 (n) Effective January 1, 2022, the commission shall allocate, from demand-side
15 management gas and electric funds authorized pursuant to this section, five million dollars
16 (\$5,000,000) of such funds on an annual basis to the Rhode Island infrastructure bank. Gas and
17 electric demand-side funds transferred to the Rhode Island infrastructure bank pursuant to this
18 section shall be eligible to be used in any energy efficiency, renewable energy, or demand-side
19 management project financing program administered by the Rhode Island infrastructure bank
20 notwithstanding any other restrictions on the use of such collections set forth in this chapter. The
21 infrastructure bank shall report annually to the commission within ninety (90) days of the end of
22 each calendar year how collections transferred under this section were utilized.

23 (o) Effective January 1, 2024, the commission shall allocate from demand-side
24 management gas and electric funds authorized pursuant to this section sufficient funds to administer
25 the programs contained in chapter 26.10 of title 39.

26 SECTION 3. Chapter 46-12.2 of the General Laws entitled "Rhode Island Infrastructure
27 Bank" is hereby amended by adding thereto the following section:

28 **46-12.2-4.4. Establishment of the gas transition customer trust fund.**

29 (a)(1) There is hereby authorized and created within the Rhode Island infrastructure bank
30 a gas transition trust fund for the purpose of providing financing for the transition from gas heat to
31 non-emitting renewable thermal heat. The Rhode Island infrastructure bank shall review and
32 approve all applications for projects to be financed through the clean energy fund.

33 (2) The Rhode Island infrastructure bank shall promulgate rules and regulations to
34 effectuate the provisions of this section, which may include, without limitation, forms for financial

1 assistance applications, loan agreements, and other instruments and establishing the process
2 through which a corporation, or person may submit an application for financial assistance from the
3 gas transition customer trust fund. All rules and regulations promulgated pursuant to this chapter
4 shall be promulgated in accordance with the provisions of chapter 35 of title 42.

5 (b) The Rhode Island infrastructure bank shall have all the powers necessary and
6 convenient to carry out and effectuate the purposes and provisions of this section including, without
7 limiting the generality of the preceding statement, the authority:

8 (1) To receive and disburse funds as may be available for the purpose of the fund subject
9 to the provisions of this section;

10 (2) To make and enter into binding commitments to provide financial assistance to eligible
11 borrowers from amounts on deposit in the fund;

12 (3) To levy administrative fees on eligible borrowers as necessary to effectuate the
13 provisions of this section, provided the fees have been previously authorized by an agreement
14 between the Rhode Island infrastructure bank and the eligible borrower;

15 (4) To engage the services of third-party vendors to provide professional services;

16 (5) To establish one or more accounts within the fund; and

17 (6) Such other authority as granted to the Rhode Island infrastructure bank under this
18 chapter.

19 (c) Subject to the provisions of this section and to any agreements with the holders of any
20 bonds of the Rhode Island infrastructure bank or any trustee therefor, amounts held by the Rhode
21 Island infrastructure bank for the account of the fund shall be applied by the Rhode Island
22 infrastructure bank, either by direct expenditure, disbursement, or transfer to one or more other
23 funds and accounts held by the Rhode Island infrastructure bank or maintained under any trust
24 agreement pertaining to bonds, either alone or with other funds of the Rhode Island infrastructure
25 bank, to the following purposes:

26 (1) To provide financial assistance to corporations, or persons to finance costs of approved
27 projects, as set forth in subsection (a) of this section, and to refinance the costs of the projects,
28 subject to terms and conditions, if any, as are determined by the Rhode Island infrastructure bank;

29 (2) To fund reserves for bonds of the Rhode Island infrastructure bank and to purchase
30 insurance and pay the premiums therefor, and pay fees and expenses of letters or lines of credit and
31 costs of reimbursement to the issuers thereof for any payments made thereon or on any insurance,
32 and to otherwise provide security for, and a source of payment for, obligations of the Rhode Island
33 infrastructure bank, by pledge, lien, assignment, or otherwise as provided in this chapter;

34 (3) To pay expenses of the Rhode Island infrastructure bank in administering the gas

1 transition customer trust fund;

2 (4) To provide a reserve for, or to otherwise secure, amounts payable by borrowers on loans
3 and obligations outstanding in the event of default thereof; amounts in any account in the fund may
4 be applied to defaults on loans outstanding to the borrower for which the account was established
5 and, on a parity basis with all other accounts, to defaults on any loans or obligations outstanding;
6 and

7 (5) To provide a reserve for, or to otherwise secure, by pledge, lien, assignment, or
8 otherwise as provided in this chapter, any bonds of the Rhode Island infrastructure bank.

9 (d) In addition to other remedies of the Rhode Island infrastructure bank under any loan
10 agreement or otherwise provided by law, the Rhode Island infrastructure bank may also recover
11 from a borrower, in an action in the jurisdiction of the district or superior court, any amount due
12 the Rhode Island infrastructure bank together with any other actual damages the Rhode Island
13 infrastructure bank shall have sustained from the failure or refusal of the borrower to make the
14 payments or abide by the terms of the loan agreement.

15 (e) The Rhode Island infrastructure bank may create one or more loan loss reserve funds
16 to serve as further security for any loans made by the Rhode Island infrastructure bank or any bonds
17 of the Rhode Island infrastructure bank issued to fund projects in accordance with this section.

18 (f) To the extent possible, and in accordance with law, the Rhode Island infrastructure bank
19 shall encourage the use of project labor agreements for projects over ten million dollars
20 (\$10,000,000) and local hiring on projects funded under this section.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO PUBLIC UTILITIES AND CARRIERS -- HOME HEATING GREENHOUSE
GAS EMISSIONS REDUCTION ACT

1 This act would create the Home Heating Greenhouse Gas Emissions Reduction Act which
2 program provides a mechanism and funding for gas companies to transition from providing gas
3 heat to non-emitting renewable thermal energy for home heating consumers. The act would provide
4 for the establishment of gas transition trust fund to be administered by the Rhode Island
5 infrastructure bank to implement the provisions of this program.

6 This act would take effect upon passage.

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LC000590
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