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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- UTILITY THERMAL ENERGY NETWORK AND JOBS ACT

Introduced By: Representatives Cortvriend, Edwards, Carson, McGaw, Knight, Spears, Fogarty, Potter, Speakman, and Boylan

Date Introduced: February 26, 2025

Referred To: House Corporations

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 36

4 UTILITY THERMAL ENERGY NETWORK AND JOBS ACT

5 **39-36-1. Short title.**

6 This act shall be known and may be cited as the "Utility Thermal Energy Network and Jobs  
7 Act".

8 **39-36-2. Thermal energy networks.**

9 (a) The general assembly finds and declares that thermal energy networks are essential  
10 infrastructure in meeting the just transition, equity, and decarbonization requirements of chapter  
11 6.2 of title 42 ("act on climate") and further finds and declares that:

12 (1) To the extent feasible, the public utility company that provides electric distribution as  
13 defined in § 39-1-2(a)(12), as well as natural gas as defined in § 39-1-2(a)(17) shall maximize cost-  
14 effective investments in thermal energy networks when it is in the public interest;

15 (2) The public utilities commission shall exercise its authority to implement the provisions  
16 of this chapter and, to the extent feasible, support the implementation of thermal energy networks,  
17 pursuant to chapter 6.2 of title 42 (Act on Climate).

18 (b) Within one year of the effective date of this chapter, the public utilities commission

1 shall initiate a proceeding to support the development of thermal energy networks for the purpose  
2 of meeting the greenhouse gas emissions, just transition, and equity goals of chapter 6.2 of title 42.  
3 The matters the commission shall consider in such proceeding shall include, but shall not be limited  
4 to, the appropriate ownership, market, cost-effectiveness, and rate structures for thermal energy  
5 networks and whether the provision of thermal energy services by gas and/or electric utilities is in  
6 the public interest.

7 (1) The commission shall promulgate rules and regulations within two (2) years to:

8 (i) Create fair market access rules for utility-owned thermal energy networks to accept  
9 thermal energy that aligns with the climate justice, just transition, and greenhouse gas emissions  
10 reductions requirements of chapter 6.2 of title 42 and that does not increase greenhouse gas  
11 emissions or co-pollutants;

12 (ii) Exempt small-scale thermal energy networks not owned by utilities from commission  
13 regulation;

14 (iii) Promote the training and transition of utility workers impacted by this chapter;

15 (iv) Encourage third party participation and competition where it will maximize benefits  
16 to customers; and

17 (v) Establish equitable rules for cost recovery by utilities for thermal energy networks.

18 (2) In establishing rules and regulations for thermal energy networks, the commission shall  
19 convene a stakeholder advisory committee composed of technical experts, members with relevant  
20 engineering expertise, and public members or entities who will be significantly impacted by the  
21 expansion of thermal energy networks. The advisory committee shall be consulted on a range of  
22 questions developed by the commission to support the regulation of thermal energy networks.

23 **39-36-3. Thermal energy network infrastructure plans.**

24 (a) No later than September 1, 2027, and every three (3) years thereafter, the public utility  
25 company shall issue a plan over a three (3) year period for cost-effective investments in thermal  
26 energy network infrastructure to assist in the just transition to a clean, affordable, and reliable  
27 distribution system in a cost-effective manner. To the extent feasible, the plan shall ensure that at  
28 least forty- percent (40%) of its investments benefit environmental justice communities. The plan  
29 shall be in compliance with the regulations set forth in § 39-36-2 and each decision made within  
30 the plan shall be justified by the public utility company.

31 (b) The public utility company shall propose the plan to the public utilities commission in  
32 a filing for review and approval within ninety (90) days. The commission shall determine whether  
33 it is in the public interest to approve or modify such thermal energy network plans and shall issue  
34 an order directing the public utility company to implement such proposed or modified thermal

1 energy network plans. If the public utility company fails to show justification behind any decisions  
2 made within the plan, the commission shall order the public utility company to clarify or modify  
3 any outstanding decisions in compliance with the requirements of this chapter.

4 **39-36-4. Thermal energy pilot projects.**

5 (a) Within three (3) months of the effective date of this chapter, the public utility company  
6 that provides electric distribution as defined in § 39-1-2(a)(12), as well as natural gas as defined in  
7 § 39-1-2(a)(17), shall initiate a process to support the development of thermal energy networks for  
8 the purpose of meeting the greenhouse gas emissions and just transition goals of chapter 6.2 of title  
9 42. The matters considered by the public utility company shall be to determine the feasibility of  
10 constructing at least three (3) and up to five (5) thermal energy network pilot projects. The public  
11 utility company may use outside engineering experts to provide technical expertise on studying  
12 feasibility if it deems outside experts will provide expertise beyond the knowledge and capacity of  
13 current employees. The public utility company shall not seek recovery through any cost recovery  
14 mechanism of the incremental costs associated with studying the feasibility of thermal energy  
15 networks, and will hold customers harmless from those incremental costs.

16 (1) Considerations when determining such feasibility shall include, but shall not be limited  
17 to:

18 (i) Greenhouse gas emissions reductions;

19 (ii) A cost-effective analysis that includes measures that are projected to generate energy  
20 cost savings and avoided social cost of carbon dioxide equal to or greater than overnight capital  
21 costs and operations and maintenance costs over the useful life of the equipment;

22 (iii) Engineering and design requirements;

23 (iv) Operations and maintenance requirements;

24 (v) Ownership of buildings receiving benefits from thermal energy networks and/or entities  
25 responsible for facilities receiving benefits from thermal energy networks; and

26 (vi) Communities receiving the greatest benefits from reduced air pollution and improved  
27 air quality.

28 (2) In meeting the requirements of this section, the public utility company shall develop an  
29 initial list of locations to study the feasibility of constructing pilot thermal energy networks. Those  
30 locations shall be diverse in geography, customer class, and average annual consumption of thermal  
31 energy. The initial list shall include, but not be limited to:

32 (i) The port of Providence and neighboring communities;

33 (ii) Residential buildings, hospitals, and healthcare facilities located in lower South  
34 Providence;

- 1 (iii) Facilities within the jurisdiction of the Rhode Island Convention Center Authority;
- 2 (iv) Facilities within the jurisdiction of the Quonset Development Corporation;
- 3 (v) University of Rhode Island;
- 4 (vi) Aquidneck Island; and
- 5 (vii) The port of Galilee.

6 (3) The public utility company is authorized to negotiate directly with relevant entities that  
7 oversee facilities under consideration by the public utility company to construct pilot thermal  
8 energy networks. Negotiations may include, but not be limited to, contract terms, equitable  
9 financing agreements, oversight, design, and engineering. The public utility company is hereby  
10 authorized and directed to maximize federal funding and financing opportunities through the  
11 Inflation Reduction Act, the Infrastructure Investment and Jobs Act, as well as state funding and  
12 financing opportunities. At least one pilot project shall be proposed in an environmental justice  
13 focus area, as defined by the department of environmental management.

14 (4) Upon making a final determination of locations that meet the feasibility requirements  
15 in § 39-36-2(a)(1), the public utility company shall develop a final list and submit in a public filing  
16 to the public utilities commission for review and approval at least three (3) and up to five (5)  
17 proposed pilot thermal energy network projects within nine (9) months of the effective date of this  
18 chapter. The pilot project proposals shall include specific customer protection plans and shall be  
19 made publicly available on the commission's website and shall be subject to a public comment  
20 period of no less than thirty (30) days.

21 (b)(1) Upon receiving the filing from the public utility company, the public utility  
22 commission shall review and consider for approval the list of proposed pilot thermal energy  
23 network projects. The public utility commission is authorized to conditionally approve any pilot  
24 thermal energy network projects proposed by the public utility company. If the public utility  
25 company determines through its negotiations with relevant entities that it is unable to meet the  
26 requirements of this chapter, the commission shall have the authority to evaluate and rule on any  
27 outstanding terms in dispute, and order the public utility company to proceed with constructing the  
28 pilot thermal energy networks. The commission shall determine whether it is in the public interest  
29 to approve or modify such pilot thermal energy network projects and shall issue an order directing  
30 the public utility company to implement such proposed or modified pilot thermal energy network  
31 projects.

32 (2) In considering whether pilot thermal energy network projects are in the public interest,  
33 the commission shall consider whether the pilot project will develop information useful for the  
34 commission's promulgation of rules and regulations governing thermal energy networks, whether

1 the pilot project furthers the climate justice and/or emissions reduction mandates of chapter 6.2 of  
2 title 42, whether the pilot project advances financial and technical approaches to equitable and  
3 affordable building electrification, and whether the pilot project creates benefits to customers and  
4 society at large, including, but not limited to, public health benefits in areas with disproportionate  
5 environmental or public health burdens, job retention and creation, reliability, and increased  
6 affordability of renewable thermal energy options.

7 (3) The public utility company shall proceed with construction of pilot thermal energy  
8 networks within six (6) months of final approval of the public utility commission.

9 (c) The public utility company shall report to the commission, on a quarterly basis, and  
10 until completion of the pilot thermal energy network project as determined by the commission, the  
11 status of each pilot thermal energy network project. The commission shall post and make publicly  
12 available such reports on its website. The report shall include, but not be limited to the:

13 (1) The stage of development of each pilot project;

14 (2) Barriers to development;

15 (3) Number of customers served;

16 (4) Costs of the pilot project;

17 (5) Number of jobs retained or created by the pilot project; and

18 (6) Any other such information the commission deems to be in the public interest.

19 **39-36-5. Just transition standards.**

20 (a) Any thermal energy network created under this chapter shall demonstrate that the public  
21 utility company has entered into a labor peace agreement with a bona fide labor organization of  
22 jurisdiction that is actively engaged in representing gas and electric company employees. The labor  
23 peace agreement shall apply to the employees necessary for the maintenance and operation of such  
24 thermal energy network. The labor peace agreement shall be an ongoing material condition of  
25 authorization to maintain and operate such thermal energy networks. The employees eligible for  
26 these positions shall first be selected from and offered to a pool of transitioning utility workers who  
27 have lost, or are at risk of losing, their employment with a utility downsizing its gas transmission  
28 and distribution system. Such a list of potential employees shall be provided by affected unions and  
29 provided to the department of labor and training. The department of labor and training shall update  
30 and provide such list to the public utility company ninety (90) days prior to purchase, acquisition,  
31 and/or construction of any thermal energy network created under this chapter.

32 (b) As part of any agreement with a public entity to construct a thermal energy network  
33 project that enters or crosses a public right-of-way, as defined in § 39-1-2, the public utility  
34 company shall:

1           (1) For projects valued over twenty-five million dollars (\$25,000,000), the public utility  
2 company shall conduct an independent, objective, reasoned study, using reviewable criteria, to  
3 determine whether adoption of a project labor agreement on the proposed project or projects will  
4 help achieve the goals of the state purchases act.

5           (2) For projects of one million dollars (\$1,000,000) or greater, the public utility company  
6 shall require contractors on the project to participate in a non-provisionally approved  
7 apprenticeship program for all apprenticeable crafts or trades that will be employed on the project,  
8 and shall employ registered apprentices to perform fifteen percent (15%) of the total labor hours.

9           (3) For projects in excess of ten million dollars (\$10,000,000), all construction workers  
10 shall be paid in accordance with the wages and benefits required pursuant to chapter 13 of title 37  
11 with all contractors and subcontractors required to file certified payrolls, which shall be considered  
12 public records, on a monthly basis for all work completed in the preceding month on a uniform  
13 form prescribed by the department of labor and training. Failure to follow the requirements pursuant  
14 to chapter 13 of title 37 shall constitute a material violation and a material breach of the agreement  
15 with the state.

16           (4) The public utility company shall take all necessary actions to ensure that each contractor  
17 and subcontractor involved in the construction of the project completes a sworn certification that  
18 the prime contractor, general contractor, or subcontractor:

19           (i) Has the necessary resources to perform the portion of the covered project to which the  
20 contractor or subcontractor is assigned, including the necessary technical, financial, and personnel  
21 resources;

22           (ii) Has all required contractor, specialty contractor or trade licenses, certifications or  
23 certificates required of any business entity or individual by applicable state or local law;

24           (iii) May participate in apprenticeship programs pursuant to 29 C.F.R. Part 29 and Part 30  
25 for the occupations the contractor will employ for its awarded scope of work on the covered project;

26           (iv) Pursuant to § 39-36-3(b)(2), ensure that no less than fifteen percent (15%) of the labor  
27 hours worked on the project shall be performed by registered apprentices for all crafts or trades  
28 with approved apprenticeship programs that will be employed on the project;

29           (v) During the previous three (3) years:

30           (A) Has not been debarred by any government agency;

31           (B) Has not defaulted on any project;

32           (C) Has not had any license, certification, or other credential relating to the business  
33 revoked or suspended; and

34           (D) Has not been found in violation of any law applicable to the contractor's or

1 subcontractor's business that resulted in the payment of a fine, back pay damages, or any other type  
2 of penalty in the amount of five thousand dollars (\$5,000) or more; and

3 (5) Piping during new thermal energy network construction shall be undertaken by  
4 journeyperson pipefitters or journeyperson pipefitter apprentices, as defined in § 28-27-4.2.

5 (c) The department of labor and training shall promulgate such rules and regulations as are  
6 necessary to implement the enforcement of this chapter.

7 **39-36-6. Severability.**

8 If any provision of this chapter or the application thereof to any person or circumstances is  
9 held invalid, such invalidity shall not affect other provisions or applications of the chapter, which  
10 can be given effect without the invalid provision or application, and to this end the provisions of  
11 this chapter are declared to be severable.

12 SECTION 2. Sections 39-1-1, 39-1-2 and 39-1-3 of the General Laws in Chapter 39-1  
13 entitled "Public Utilities Commission" are hereby amended to read as follows:

14 **39-1-1. Declaration of policy — Purposes.**

15 (a) The general assembly finds and therefore declares that:

16 (1) The businesses of distributing electrical energy, producing and transporting  
17 manufactured and natural gas, thermal energy, operating water works and thermal energy networks,  
18 furnishing supplies of water for domestic, industrial, and commercial use, offering to the public  
19 transportation of persons and property, furnishing and servicing telephonic and wireless audio and  
20 visual communication systems, and operation of community antenna television systems are  
21 affected with a public interest;

22 (2) Supervision and reasonable regulation by the state of the manner in which the  
23 businesses construct their systems and carry on their operations within the state are necessary to  
24 protect and promote the convenience, health, comfort, safety, accommodation, and welfare of the  
25 people, and are a proper exercise of the police power of the state; and

26 (3) Preservation of the state's resources, commerce, and industry requires the assurance of  
27 adequate public transportation and communication facilities, water supplies, and an abundance of  
28 energy, all supplied to the people with reliability, at economical cost, and with due regard for the  
29 preservation and enhancement of the environment, the conservation of natural resources, including  
30 scenic, historic, and recreational assets, and the strengthening of long-range, land-use planning.

31 (b) It is hereby declared to be the policy of the state to provide fair regulation of public  
32 utilities and carriers in the interest of the public, to promote availability of adequate, efficient, and  
33 economical energy, communication, and transportation services and water supplies to the  
34 inhabitants of the state, to provide just and reasonable rates and charges for such services and

1 supplies, without unjust discrimination, undue preferences or advantages, or unfair or destructive  
2 competitive practices, and to cooperate with other states and agencies of the federal government in  
3 promoting and coordinating efforts to achieve realization of this policy.

4 (c) To this end, there is hereby vested in the public utilities commission and the division of  
5 public utilities and carriers the exclusive power and authority to supervise, regulate, and make  
6 orders governing the conduct of companies offering to the public in intrastate commerce energy,  
7 communication, and transportation services and water supplies for the purpose of increasing and  
8 maintaining the efficiency of the companies, according desirable safeguards and convenience to  
9 their employees and to the public, and protecting them and the public against improper and  
10 unreasonable rates, tolls, and charges by providing full, fair, and adequate administrative  
11 procedures and remedies, and by securing a judicial review to any party aggrieved by such an  
12 administrative proceeding or ruling.

13 (d) The legislature also finds and declares, as of 1996, the following:

14 (1) That lower retail electricity rates would promote the state's economy and the health and  
15 general welfare of the citizens of Rhode Island;

16 (2) That current research and experience indicates that greater competition in the electricity  
17 industry would result in a decrease in electricity rates over time;

18 (3) That greater competition in the electricity industry would stimulate economic growth;

19 (4) That it is in the public interest to promote competition in the electricity industry and to  
20 establish performance-based ratemaking for regulated utilities;

21 (5) That in connection with the transition to a more competitive electric utility industry,  
22 public utilities should have a reasonable opportunity to recover transitional costs associated with  
23 commitments prudently incurred in the past pursuant to their legal obligations to provide reliable  
24 electric service at reasonable costs;

25 (6) That it shall be the policy of the state to encourage, through all feasible means and  
26 measures, states where fossil-fueled, electric-generating units producing air emissions affecting  
27 Rhode Island air quality are located to reduce such emissions over time to levels that enable cost-  
28 effective attainment of environmental standards within Rhode Island; and

29 (7) That in a restructured electrical industry the same protections currently afforded to low-  
30 income customers shall continue.

31 (e) The legislature further finds and declares as of 2006:

32 (1) That prices of energy, including especially fossil-fuels and electricity, are rising faster  
33 than the cost of living and are subject to sharp fluctuations, which conditions create hardships for  
34 many households, institutions, organizations, and businesses in the state;



1 (2) That while utility restructuring has brought some benefits, notably in transmission and  
2 distribution costs and more efficient use of generating capacities, it has not resulted in competitive  
3 markets for residential and small commercial-industrial customers, lower overall prices, or greater  
4 diversification of energy resources used for electrical generation;

5 (3) That the state's economy and the health and general welfare of the people of Rhode  
6 Island benefit when energy supplies are reliable and least-cost; and

7 (4) That it is a necessary move beyond basic utility restructuring in order to secure for  
8 Rhode Island, to the maximum extent reasonably feasible, the benefits of reasonable and stable  
9 rates, least-cost procurement, and system reliability that includes energy resource diversification,  
10 distributed generation, and load management.

11 **39-1-2. Definitions.**

12 (a) Terms used in this title shall be construed as follows, unless another meaning is  
13 expressed or is clearly apparent from the language or context:

14 (1) "Administrator" means the administrator of the division of public utilities and carriers.

15 (2) "Airport" and "landing field" mean and include all airports and landing fields other  
16 than those owned by the state.

17 (3) "Chairperson" means the chairperson of the public utilities commission.

18 (4) "Charter carrier" means and includes all carriers for hire or compensation within this  
19 state not included in the definition of common carrier.

20 (5) "Commission" means the public utilities commission.

21 (6) "Commissioner" means a member of the public utilities commission.

22 (7) "Common carrier," except when used in chapters 12, 13, and 14 of this title, means and  
23 includes all carriers for hire or compensation, including railroads, street railways, express, freight  
24 and freight-line companies, dining-car companies, steam boat, motor boat, power boat, hydrofoil,  
25 and ferry companies and all other companies operating any agency or facility for public use in the  
26 conveyance over fixed routes, or between fixed termini within this state of persons or property by,  
27 or by a combination of, land, air, or water.

28 (8) "Company" means and includes a person, firm, partnership, corporation, quasi-  
29 municipal corporation, association, joint-stock association or company, and his, her, its, or their  
30 lessees, trustees, or receivers appointed by any court.

31 (9) "Customer" means a company taking service from an electric distribution company at  
32 a single point of delivery or meter location.

33 (10) "Distribution facility" means plant or equipment used for the distribution of electricity  
34 and that is not a transmission facility.

1 (11) “Division” means the division of public utilities and carriers.

2 (12) “Electric distribution company” means a company engaging in the distribution of  
3 electricity or owning, operating, or controlling distribution facilities and shall be a public utility  
4 pursuant to subsection (20) of this section.

5 (13) “Electric transmission company” means a company engaging in the transmission of  
6 electricity or owning, operating, or controlling transmission facilities. An electric transmission  
7 company shall not be subject to regulation as a public utility except as specifically provided in the  
8 general laws, but shall be regulated by the Federal Energy Regulatory Commission and shall  
9 provide transmission service to all nonregulated power producers and customers, whether affiliated  
10 or not, on comparable, nondiscriminatory prices and terms. Electric transmission companies shall  
11 have the power of eminent domain exercisable following a petition to the commission pursuant to  
12 § 39-1-31.

13 (14) “Liquefied natural gas” means a fluid in the liquid state composed predominantly of  
14 methane and that may contain minor quantities of ethane, propane, nitrogen, or other components  
15 normally found in natural gas.

16 (15) “Manufacturing customers” means all customers that have on file with an electric  
17 distribution company a valid certificate of exemption from the Rhode Island sales tax indicating  
18 the customer’s status as a manufacturer pursuant to § 44-18-30.

19 (16) “Motor carriers” means any carrier regulated by the administrator pursuant to chapters  
20 3, 11, 12, 13, and 14 of this title.

21 (17) “Natural gas” means the combustible, gaseous mixture of low-molecular-weight,  
22 paraffin hydrocarbons, generated below the surface of the earth, containing mostly methane and  
23 ethane with small amounts of propane, butane, and hydrocarbons, and sometimes nitrogen, carbon  
24 dioxide, hydrogen sulfide, and helium.

25 (18) “Nonprofit housing development corporation” means a nonprofit corporation that has  
26 been approved as a 26 U.S.C. § 501(c)(3) corporation by the Internal Revenue Service, and is  
27 organized and operated primarily for the purpose of providing housing for low- and moderate-  
28 income persons.

29 (19) “Nonregulated power producer” means a company engaging in the business of  
30 producing, manufacturing, generating, buying, aggregating, marketing, or brokering electricity for  
31 sale at wholesale or for retail sale to the public; provided however, that companies that negotiate  
32 the purchase of electric generation services on behalf of customers and do not engage in the  
33 purchase and resale of electric generation services shall be excluded from this definition. A  
34 nonregulated power producer shall not be subject to regulation as a public utility except as

1 specifically provided in the general laws.

2 (20) "Public right-of-way" means the area on, below, or above any street, avenue,  
3 boulevard, road, highway, sidewalk, alley, waterway, land, or easement that is owned, leased, or  
4 controlled by a public or quasi-public entity.

5 ~~(20)~~(21) "Public utility" means and includes every company that is an electric distribution  
6 company and every company operating or doing business in intrastate commerce and in this state  
7 as a railroad, street railway, common carrier, gas, thermal energy, liquefied natural gas, water,  
8 telephone, telegraph, and pipeline company, and every company owning, leasing, maintaining,  
9 managing, or controlling any plant or equipment, or any part of any plant or equipment, within this  
10 state for manufacturing, producing, transmitting, distributing, delivering, or furnishing natural or  
11 manufactured gas, directly or indirectly, to or for the public, or any cars or equipment employed  
12 on, or in connection with, any railroad or street railway for public or general use within this state,  
13 or any pipes, mains, poles, wires, conduits, fixtures, through, over, across, under, or along any  
14 public highways, parkways, or streets, public lands, waters, or parks for the transmission,  
15 transportation, or distribution of gas, or thermal energy networks for sale to the public for light,  
16 heat, cooling, or power for providing audio or visual telephonic or telegraphic communication  
17 service within this state, or any pond, lake, reservoir, stream, well, or distributing plant or system  
18 employed for the distribution of water to the consuming public within this state, including the water  
19 supply board of the city of Providence; provided, that, except as provided in § 39-16-9 and in P.L.  
20 1933, ch. 2072, as amended, this definition shall not be construed to apply to any public waterworks  
21 or water service owned and furnished by any city, town, water district, fire district, or any other  
22 municipal or quasi-municipal corporation, excepting the water supply board of the city of  
23 Providence, unless any city, town, water district, fire district, municipal or quasi-municipal  
24 corporation obtains water from a source owned or leased by the water resources board, either  
25 directly or indirectly, or obtains a loan from the board pursuant to the provisions of chapter 15.1 of  
26 title 46, or sells water, on a wholesale or retail basis, inside and outside the territorial limits of the  
27 city or town, water district, fire district, municipal or quasi-municipal corporation, except, however,  
28 that a public waterworks or water service owned and furnished by any city, town, water district,  
29 fire district, or any other municipal or quasi-municipal corporation that sells water, on a wholesale  
30 or retail basis, inside and outside its territorial limits, shall not be construed as a public utility if it  
31 has fewer than one-thousand five hundred (1,500) total customer-service connections and provided  
32 outside sales do not exceed ten percent (10%) of the total water service connections or volumetric  
33 sales and provided the price charged to outside customers, per unit of water, is not greater than the  
34 price charged to inside customers for the same unit of water, nor to the Rhode Island public transit

1 authority, or to the production and/or distribution of steam, heat, or water by the Rhode Island port  
2 authority and economic development corporation in the town of North Kingstown; provided that,  
3 production or distribution is not utilized in the functions or operations of thermal energy networks;  
4 and the term “public utility” shall also mean and include the Narragansett Bay water quality  
5 management district commission; and provided that the ownership or operation of a facility by a  
6 company that dispenses alternative fuel or energy sources at retail for use as a motor vehicle fuel  
7 or energy source, and the dispensing of alternative fuel or energy sources at retail from such a  
8 facility, does not make the company a public utility within the meaning of this title solely because  
9 of that ownership, operation, or sale; and provided further that this exemption shall not apply to  
10 presently regulated public utilities that sell natural gas or are dispensers of other energy sources;  
11 and provided further, that the term “public utility” shall not include any company:

12 (i) Producing or distributing steam or heat from a fossil-fuel-fired cogeneration plant  
13 located at the university of Rhode Island South Kingstown, Rhode Island;

14 (ii) Producing and/or distributing thermal energy and/or electricity to a state-owned facility  
15 from a plant located on an adjacent site, regardless of whether steam lines cross a public highway;  
16 provided that, the steam lines are not utilized in the distribution or operations of thermal energy  
17 through thermal energy networks; and

18 (iii) Providing wireless service.

19 ~~(21)~~(22) “Purchasing cooperatives” shall mean any association of electricity consumers  
20 that join for the purpose of negotiating the purchase of power from a nonregulated power producer,  
21 provided however, that purchasing cooperatives shall not be required to be legal entities and are  
22 prohibited from being engaged in the re-sale of electric power.

23 ~~(22)~~(23) “Railroad” means and includes every railroad other than a street railway, by  
24 whatsoever power, operated for public use in the conveyance in this state of persons or property  
25 for compensation, with all bridges, ferries, tunnels, switches, spurs, tracks, stations, wharves, and  
26 terminal facilities of every kind, used, operated, controlled, leased, or owned by or in connection  
27 with any railroad.

28 ~~(23)~~(24) “Retail access” means the use of transmission and distribution facilities owned by  
29 an electric transmission company or an electric distribution company to transport electricity sold  
30 by a nonregulated power producer to retail customers pursuant to § 39-1-27.3.

31 ~~(24)~~(25) “Street railway” means and includes every railway by whatsoever power operated  
32 or any extension or extensions, branch, or branches thereof, for public use in the conveyance in this  
33 state of persons or property for compensation, being mainly upon, along, above, or below any street,  
34 avenue, road, highway, bridge, or public place in any city or town, and including all switches, spurs,

1 tracks, rights of trackage, subways, tunnels, stations, terminals, and terminal facilities of every kind,  
2 used, operated, controlled, or owned by or in connection with any street railway.

3 (26) "Thermal energy", when used in this chapter, means piped non-combustible fluids  
4 used for transferring heat into and out of buildings for the purpose of eliminating any resultant on-  
5 site greenhouse gas emissions of all types of heating and cooling processes, including, but not  
6 limited to, comfort heating and cooling, domestic hot water, and refrigeration.

7 (27) "Thermal energy network", when used in this chapter, means all real estate, fixtures  
8 and personal property operated, owned, used or to be used for or in connection with or to facilitate  
9 a utility-scale distribution infrastructure project that supplies thermal energy.

10 ~~(25)~~(28) "Transmission facility" means plant or equipment used for the transmission of  
11 electricity as determined by the Federal Energy Regulatory Commission pursuant to federal law as  
12 of the date of the property transfers pursuant to § 39-1-27(c).

13 ~~(26)~~(29) "Wireless service" means communication services provided over spectrum  
14 licensed by or subject to the jurisdiction of the Federal Communications Commission.

15 (b) Notwithstanding any provision of this section or any provision of the act entitled, "An  
16 Act Relating to the Utility Restructuring Act of 1996" (hereinafter "utility restructuring act"), upon  
17 request by the affected electric utility, the commission may exempt from the utility restructuring  
18 act or any provision(s) thereof, an electric utility that meets the following requirements:

19 (1) The utility is not selling or distributing electricity outside of the service territory in  
20 effect for that utility on the date of passage of the utility restructuring act; and

21 (2) The number of kilowatt hours sold or distributed annually by the utility to the public is  
22 less than five percent (5%) of the total kilowatt hours consumed annually by the state. Provided,  
23 however, that nothing contained in this section shall prevent the commission from allowing  
24 competition in the generation of electricity in service territories of utilities exempted in whole or in  
25 part from the utility restructuring act pursuant to this section, as long as such allowance of  
26 competition is conditioned upon payment to the exempted electric utility of a nonbypassable  
27 transition charge calculated to recover the elements comparable in nature to the elements in § 39-  
28 1-27.4(b) and (c) taking into consideration any unique circumstances applicable to the exempted  
29 electric utility.

30 **39-1-3. Commission and division established — Functions of commission —**  
31 **Administrator.**

32 (a) To implement the legislative policy set forth in § 39-1-1 and to serve as the agencies of  
33 the state in effectuating the legislative purpose, there are hereby established a public utilities  
34 commission and a division of public utilities and carriers. The commission shall serve as a quasi-

1 judicial tribunal with jurisdiction, powers, and duties to implement and enforce the standards of  
2 conduct under § 39-1-27.6 and to hold investigations and hearings involving the rates, tariffs, tolls,  
3 and charges, and the sufficiency and reasonableness of facilities and accommodations of railroad,  
4 gas, electric distribution, [thermal energy, thermal energy networks](#), water, telephone, telegraph, and  
5 pipeline public utilities; the location of railroad depots and stations, and the control of grade  
6 crossings; the revocation, suspension, or alteration of certificates issued pursuant to § 39-19-4;  
7 appeals under § 39-1-30; petitions under § 39-1-31; and proceedings under § 39-1-32.

8 (b) The administrator shall be a person who is not a commissioner and who shall exercise  
9 the jurisdiction, supervision, powers, and duties not specifically assigned to the commission,  
10 including the execution of all laws relating to public utilities and carriers and all regulations and  
11 orders of the commission governing the conduct and charges of public utilities and who shall  
12 perform other duties and have powers as are hereinafter set forth. The administrator shall be a  
13 person who is appointed by the governor for an initial term of six (6) years. The administrator shall  
14 be appointed with the advice and consent of the senate. The director of administration, with the  
15 approval of the governor, shall allocate the administrator to one of the grades established by the  
16 pay plan for unclassified employees. The public utilities administrator also shall have powers and  
17 duties as provided in § 46-15.3-20.

18 SECTION 3. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of  
19 Utilities and Carriers" is hereby amended to read as follows:

20 **39-2-1.2. Utility base rate — Advertising, demand-side management, and renewables.**

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

32 (b) Effective as of January 1, 2008, and for a period of twenty (20) years thereafter, each  
33 electric distribution company shall include a charge per kilowatt-hour delivered to fund demand-  
34 side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy

1 programs shall remain in effect until December 31, 2028. The electric distribution company shall  
2 establish and, after July 1, 2007, maintain, two (2) separate accounts, one for demand-side  
3 management programs (the “demand-side account”), which shall be funded by the electric demand-  
4 side charge and administered and implemented by the distribution company, subject to the  
5 regulatory reviewing authority of the commission, and one for renewable energy programs, which  
6 shall be administered by the Rhode Island commerce corporation pursuant to § 42-64-13.2 and shall  
7 be held and disbursed by the distribution company as directed by the Rhode Island commerce  
8 corporation for the purposes of developing, promoting, and supporting renewable energy programs.

9 During the time periods established in this subsection, the commission may, in its  
10 discretion, after notice and public hearing, increase the sums for demand-side management and  
11 renewable resources. In addition, the commission shall, after notice and public hearing, determine  
12 the appropriate charge for these programs. The office of energy resources, and/or the administrator  
13 of the renewable energy programs, may seek to secure for the state an equitable and reasonable  
14 portion of renewable energy credits or certificates created by private projects funded through those  
15 programs. As used in this section, “renewable energy resources” shall mean: (1) Power generation  
16 technologies, as defined in § 39-26-5, “eligible renewable energy resources,” including off-grid  
17 and on-grid generating technologies located in Rhode Island, as a priority; (2) Research and  
18 development activities in Rhode Island pertaining to eligible renewable energy resources and to  
19 other renewable energy technologies for electrical generation; or (3) Projects and activities directly  
20 related to implementing eligible renewable energy resources projects in Rhode Island.  
21 Technologies for converting solar energy for space heating or generating domestic hot water may  
22 also be funded through the renewable energy programs. Fuel cells may be considered an energy  
23 efficiency technology to be included in demand-side management programs. Special rates for low-  
24 income customers in effect as of August 7, 1996, shall be continued, and the costs of all of these  
25 discounts shall be included in the distribution rates charged to all other customers. Nothing in this  
26 section shall be construed as prohibiting an electric distribution company from offering any special  
27 rates or programs for low-income customers which are not in effect as of August 7, 1996, subject  
28 to the approval by the commission.

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

- 32 (i) The feasibility of project completion;
- 33 (ii) The anticipated amount of renewable energy the project will produce;
- 34 (iii) The potential of the project to mitigate energy costs over the life of the project; and

1 (iv) The estimated cost per kilowatt-hour (KWh) of the energy produced from the project.

2 (c) [Deleted by P.L. 2012, ch. 241, art. 4, § 14.]

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

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

14 (f) Each gas company shall establish a separate account for demand-side management  
15 programs (the “gas demand-side account”) that shall be funded by the gas demand-side charge and  
16 administered and implemented by the distribution company, subject to the regulatory reviewing  
17 authority of the commission. The commission may establish administrative mechanisms and  
18 procedures that are similar to those for electric demand-side management programs administered  
19 under the jurisdiction of the commission and that are designed to achieve cost-effectiveness and  
20 high, life-time savings of efficiency measures supported by the program.

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

23 (1) Gas used for distribution generation; and

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

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

34 (i) Effective January 1, 2007, the commission shall allocate, from demand-side



1 management gas and electric funds authorized pursuant to this section, an amount not to exceed  
2 three percent (3%) of such funds on an annual basis for the retention of expert consultants, and  
3 reasonable administration costs of the energy efficiency and resource management council  
4 associated with planning, management, and evaluation of energy-efficiency programs, renewable  
5 energy programs, system reliability, least-cost procurement, and with regulatory proceedings,  
6 contested cases, and other actions pertaining to the purposes, powers, and duties of the council,  
7 which allocation may by mutual agreement, be used in coordination with the office of energy  
8 resources to support such activities.

9 (j) Effective January 1, 2016, the commission shall annually allocate from the  
10 administrative funding amount allocated in subsection (i) from the demand-side management  
11 program as described in subsection (i) as follows: (1) for the energy efficiency and resource  
12 management council, no more than forty percent (40%) for the purposes identified in subsection (i)  
13 and (2) sixty percent (60%) of three percent (3%) from the demand-side management gas and  
14 electric funds annually to the office of energy resources for activities associated with planning,  
15 management, and evaluation of energy-efficiency programs, renewable energy programs, system  
16 reliability, least-cost procurement, and with regulatory proceedings, contested cases, and other  
17 actions pertaining to the purposes, powers, and duties of the office of energy resources and shall  
18 have exclusive authority to direct the use of the office administrative and programmatic funds.

19 (k) On April 15, of each year, the office and the council shall submit to the governor, the  
20 president of the senate, and the speaker of the house of representatives, separate financial and  
21 performance reports regarding the demand-side management programs, including the specific level  
22 of funds that were contributed by the residential, municipal, and commercial and industrial sectors  
23 to the overall programs; the businesses, vendors, and institutions that received funding from  
24 demand-side management gas and electric funds used for the purposes in this section; and the  
25 businesses, vendors, and institutions that received the administrative funds for the purposes in  
26 subsections (i) and (j). These reports shall be posted electronically on the websites of the office of  
27 energy resources and the energy efficiency and resources management council.

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

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

1 (n) Effective January 1, 2022, the commission shall allocate, from demand-side  
2 management gas and electric funds authorized pursuant to this section, five million dollars  
3 (\$5,000,000) of such funds on an annual basis to the Rhode Island infrastructure bank. Gas and  
4 electric demand-side funds transferred to the Rhode Island infrastructure bank pursuant to this  
5 section shall be eligible to be used in any energy efficiency, renewable energy, clean transportation,  
6 clean heating, energy storage, or demand-side management project financing program administered  
7 by the Rhode Island infrastructure bank notwithstanding any other restrictions on the use of such  
8 collections set forth in this chapter. The infrastructure bank shall report annually to the commission  
9 within ninety (90) days of the end of each calendar year how collections transferred under this  
10 section were utilized.

11 (o) The Rhode Island office of energy resources, in coordination with the energy efficiency  
12 and resource management council, and following consultation with the public utilities commission  
13 and division of public utilities and carriers, shall issue a request for proposals for the cost-effective  
14 administration and implementation of statewide energy efficiency programs funded by this section  
15 no later than September 30, 2023. The draft request for proposals shall be reviewed through at least  
16 one technical session at the public utilities commission prior to issuance. Public utilities  
17 commission approval shall not be required. The Rhode Island office of energy resources, in  
18 coordination with the energy efficiency and resource management council, shall evaluate proposals  
19 and determine whether energy efficiency administration and implementation by the electric and gas  
20 distribution company or a third party is likely to achieve the most net benefits for electric and gas  
21 customers in Rhode Island. After January 1, 2025, the office of energy resources may, periodically,  
22 and at its discretion, issue additional requests for proposals for the administration and  
23 implementation of statewide energy efficiency programs funded through this chapter of an electric  
24 distribution company as defined in § 39-1-2(a)(12) or gas distribution company included as a  
25 public utility in § 39-1-2(a)(20) that has greater than one hundred thousand (100,000) customers.

26 (1) Nothing in this chapter shall prohibit the electric and/or gas distribution company from  
27 submitting a proposal to administer and implement the state energy efficiency programs.

28 (2) If the office of energy resources, in coordination with the energy efficiency and resource  
29 management council, determines that the use of a third-party administrator is likely to achieve the  
30 most net benefits for electric and gas customers in Rhode Island, it shall file its recommendation  
31 with the public utilities commission, which shall docket and rule on the matter pursuant to its  
32 general statutory authorization.

33 (3) If the commission determines that the recommended third-party administrator is in the  
34 interest of Rhode Island utility customers, it shall provide for the full cost recovery for the third-

1 party administrator consistent with the terms of the approved contract, and which shall reflect the  
2 overall annual budget approved by the commission. The third-party administrator shall be subject  
3 to all the requirements set forth for the electric and gas distribution company per § 39-1-27.7.

4 (4) If the commission determines that a third-party administrator will administer the state  
5 energy efficiency programs on or after June 1, 2024, the commission shall direct the gas and electric  
6 distribution company to collect and transfer the gas and electric energy efficiency funds to the third-  
7 party administrator for the annual state energy efficiency program beginning with the program year  
8 and thereafter for the remaining program years. The gas and electric distribution company shall  
9 transfer the annual administrative funds to the office of energy resources and energy efficiency and  
10 resource management council.

11 (5) If a third-party administrator implements the annual energy efficiency programs then  
12 they shall be required to develop and design the annual state energy efficiency program with the  
13 office of energy resources and energy efficiency and resource management council, including a  
14 vote by the energy efficiency and resource management council prior to the third-party  
15 administrator filing the annual program plan to the public utilities commission for review and a  
16 decision.

17 (6) The third-party administrator shall file the annual state energy efficiency program plan  
18 to the public utilities commission for review and approval no later than September 30, 2024, and  
19 annually thereafter on such date.

20 (7) The third-party administrator shall provide all information requested by the office of  
21 energy resources, energy efficiency and resource management council, division of public utilities  
22 and carriers, and the public utilities commission, including responses to data requests, which are  
23 necessary for the agencies to carry out their respective oversight roles, and shall be accountable to  
24 the same standards as the utility with administering and implementing energy efficiency, system  
25 reliability, and least-cost procurement standards and goals in accordance with § 39-1-27.7 and this  
26 section.

27 (8) If the office does not recommend advancement of a third-party administrator, the  
28 electric and gas distribution company shall continue to administer statewide energy efficiency  
29 programs.

30 (p) Effective January 1, 2026, the commission shall allocate from demand-side  
31 management gas funds authorized pursuant to this section sufficient funds for the purposes of  
32 constructing and maintaining thermal energy networks, as defined in § 39-1-2.

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

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LC000422  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- UTILITY THERMAL ENERGY  
NETWORK AND JOBS ACT

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1           This act would establish thermal energy networks for the purpose of creating thermal  
2 energy network infrastructure within this state by any public utility company that provides electric  
3 and natural gas distribution, in an effort to maximize cost-effective investments in thermal energy  
4 networks when deemed in the public interest by the public utilities commission (PUC).

5           This act would take effect upon passage.

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