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LC002081

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2025

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- DUTIES OF UTILITIES AND CARRIERS

Introduced By: Representatives Lima, Santucci, J. Brien, Phillips, Casey, Read, Azzinaro, Noret, Baginski, and Costantino

Date Introduced: February 28, 2025

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 39-2-1.2 of the General Laws in Chapter 39-2 entitled "Duties of
2 Utilities and Carriers" is hereby amended to read as follows:

3 **39-2-1.2. Utility base rate — Advertising, demand-side management, and renewables.**

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

15 (b) Effective as of January 1, 2008, and for a period of twenty (20) years thereafter, each
16 electric distribution company shall include a charge per kilowatt-hour delivered to fund demand-
17 side management programs. The 0.3 mills per kilowatt-hour delivered to fund renewable energy
18 programs shall remain in effect until December 31, 2028. The electric distribution company shall

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

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

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

- 31 (i) The feasibility of project completion;
- 32 (ii) The anticipated amount of renewable energy the project will produce;
- 33 (iii) The potential of the project to mitigate energy costs over the life of the project; and
- 34 (iv) The estimated cost per kilowatt-hour (KWh) of the energy produced from the project.

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

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

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

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

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

22 (1) Gas used for distribution generation; and

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

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

33 (i) Effective January 1, 2007, the commission shall allocate, from demand-side
34 management gas and electric funds authorized pursuant to this section, an amount not to exceed

1 three percent (3%) of such funds on an annual basis for the retention of expert consultants, and
2 reasonable administration costs of the energy efficiency and resource management council
3 associated with planning, management, and evaluation of energy-efficiency programs, renewable
4 energy programs, system reliability, least-cost procurement, and with regulatory proceedings,
5 contested cases, and other actions pertaining to the purposes, powers, and duties of the council,
6 which allocation may by mutual agreement, be used in coordination with the office of energy
7 resources to support such activities.

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

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

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

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

34 (n) ~~Effective January 1, 2022, the commission shall allocate, from demand side~~

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

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

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

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

32 (3) If the commission determines that the recommended third-party administrator is in the
33 interest of Rhode Island utility customers, it shall provide for the full cost recovery for the third-
34 party administrator consistent with the terms of the approved contract, and which shall reflect the

1 overall annual budget approved by the commission. The third-party administrator shall be subject
2 to all the requirements set forth for the electric and gas distribution company per § 39-1-27.7.

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

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

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

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

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

29 SECTION 2. 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 -- DUTIES OF UTILITIES AND
CARRIERS

1 This act would remove the requirement that the public utilities commission allocate five
2 million dollars (\$5,000,000) annually to the Rhode Island infrastructure bank for use with energy
3 efficient programs.

4 This act would take effect upon passage.

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