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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2026

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- PUBLIC UTILITIES COMMISSION
-- UTILITY OWNERSHIP OF ELECTRIC GENERATING FACILITIES

Introduced By: Representative Patricia A. Serpa

Date Introduced: February 27, 2026

Referred To: House Corporations

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 39-1-27 of the General Laws in Chapter 39-1 entitled "Public Utilities
2 Commission" is hereby amended to read as follows:

3 **39-1-27. Electric distribution companies required to file restructuring plans.**

4 (a) Each electric distribution company shall file with the commission a plan for transferring
5 ownership of generation facilities into a separate affiliate of the electric distribution company. The
6 transmission facilities owned by the electric distribution company also may be transferred to an
7 affiliated electric transmission company at a price that shall equal the book value of the
8 transmission facilities on the electric distribution company's accounts net of depreciation and
9 deferred taxes as the date of transfer, but such a transfer is not required. The generation plant,
10 equipment, and facilities owned by an electric distribution company shall be transferred to an
11 affiliate that is a nonregulated power producer at a price that shall equal the book value of the
12 generation plant, equipment, and facilities on the electric distribution company's accounts net of
13 depreciation and deferred taxes as of the date of the transfer. Consistent with the schedule for
14 implementing retail access in § 39-1-27.3, each electric transmission company shall file tariffs with
15 the Federal Energy Regulatory Commission (FERC) and electric-distribution companies shall file
16 tariffs with the commission. The tariffs will provide the terms, conditions, and rates for
17 nondiscriminatory access to transmission and distribution facilities to wholesale and retail
18 customers and to nonregulated power producers. The tariffs shall: (1) Conform to the standards,

1 policies, and requirements of the Federal Energy Regulatory Commission or the commission as
2 appropriate with respect to nondiscriminatory access to transmission and distribution services; (2)
3 Fulfill such standards with respect to both transmission and distribution services for the benefit of
4 both wholesale and retail customers and their suppliers; and (3) Provide retail access in accordance
5 with the schedule set forth in § 39-1-27.3. For purposes of this section, “nondiscriminatory access”
6 means access to transmission and distribution services on rates, terms, and conditions found to be
7 reasonable by the FERC or the commission as appropriate and applied consistently to all customers
8 in a rate class regardless of their supplier. When establishing terms and conditions for distribution
9 service, the commission shall implement standards, policies, and requirements consistent with
10 those established by the Federal Energy Regulatory Commission for transmission service unless it
11 determines that alternative terms and conditions are in the public interest.

12 (b) The commission shall review the plan within six (6) months of filing and if the plan is
13 in compliance with chapter 3 of this title, shall authorize the property transfers, securities issuances,
14 and affiliate transactions pursuant to this title and shall grant all necessary regulatory approvals.
15 All existing state and local rights, authorizations, and approvals, including but not limited to,
16 permits, licenses, locations, indentures, leases, orders, or similar rights associated with the
17 ownership and operation of plant and equipment, shall be deemed transferred with the associated
18 plant and equipment upon the commission’s authorization of the transfer effective as of the date of
19 transfer. Notwithstanding any provisions of this section, if the electric distribution company’s
20 wholesale power supplier chooses to transfer its generation assets to a nonaffiliate of the electric
21 distribution company for purposes of carrying out the market valuation required by § 39-1-27.4(g),
22 and such transfer to a nonaffiliate is specified in the electric distribution company’s restructuring
23 plan filed with the commission pursuant to subsection (a) of this section, the transfer of the electric
24 distribution company’s interest in the generation facilities may be made directly to the nonaffiliate.
25 In the case of such a transfer directly to a nonaffiliate, all of the state and local rights, authorizations,
26 and approvals, including those enumerated above, shall be deemed transferred with the associated
27 plant and equipment upon the commission’s authorization of the transfer effective as of the date of
28 the transfer.

29 (c) The electric distribution company shall implement the corporate reorganizations and
30 property transfers specified in such restructuring plan; terminate its all-requirements contract with
31 its wholesale power supplier on the terms set forth in § 39-1-27.4; and provide retail access for all
32 customers in Rhode Island with a standard offer, as set forth in § 39-1-27.3, no later than three (3)
33 months after retail access is available to forty percent (40%) or more of the kilowatt-hour sales in
34 New England. The commission may extend this time if it determines that additional time is

1 necessary to implement the transactions on reasonable terms and in accordance with a reasonable
2 schedule; provided, however, that nothing in this section shall be construed to limit the effect of §
3 39-1-27.3 or permit the commission to unduly discriminate in providing retail access among or
4 within rate classes.

5 (d) Following the complete implementation of the restructuring plans and other than as
6 authorized by § 39-20-3, electric distribution companies shall be prohibited from selling electricity
7 at retail and from owning, operating, or controlling generating facilities, although such facilities
8 may be owned by affiliates of electric distribution companies. For purposes of this subsection,
9 providing the standard-offer service and last-resort power supply in accordance with subsections
10 (d) and (f) of § 39-1-27.3 shall not be construed as selling electricity at retail; and provided that,
11 owning, operating, and constructing generating facilities constructed or acquired after January 1,
12 2025 shall not be a violation of this section.

13 (e) Following the termination of the electric distribution company's contracts with its
14 wholesale power supplier, the wholesale power supplier shall become a nonregulated power
15 producer, and shall be free, subject to the requirements of the standard offer set forth in § 39-1-
16 27.3(e) and retail electric licensing commission plan requirements pursuant to § 39-1-27.1, to sell
17 electricity generated from each of its facilities on either the wholesale or retail markets at market
18 prices, either directly or through an affiliate, which shall also become a nonregulated power
19 producer. The former wholesale power supplier and its affiliates shall be free to apply to become
20 exempt wholesale generators pursuant to § 32 of the Public Utility Holding Company Act of 1935,
21 15 U.S.C. § 79z-5a [repealed], and other federal law, rules, and regulations, and each and every
22 generating facility of the former wholesale power supplier shall become an eligible facility pursuant
23 to that statute. Accordingly, the legislature hereby finds and declares that the division has sufficient
24 regulatory authority, resources, access to books and records to exercise its duties; and that the full
25 participation of former wholesale power suppliers and affiliated nonregulated power producers in
26 the market and the designation of each of the former wholesale power supplier's facilities as eligible
27 facilities will benefit consumers; is consistent with state law; will not provide any unfair
28 competitive advantage by virtue of their status as a former wholesale power supplier or as affiliates
29 of electric distribution companies; and is in the public interest.

30 (f) Although reducing air emissions from power plants is a goal of electricity industry
31 restructuring, power plants in Rhode Island already have low emissions relative to their
32 counterparts in other states. For this reason, it is unnecessary for the restructuring plans required
33 by this section to address in-state air emission reductions. However, to the extent a wholesale power
34 supplier receiving contract termination fees pursuant to § 39-1-27.4(b)(4) owns and operates as of

1 December 31, 1995, fossil-fired generation in another state that does not meet air emission
2 standards applicable as of that date to new electric-generating facilities in that state, the wholesale
3 power suppliers shall cooperate with the appropriate environmental officials in the state or states
4 where the generating facilities are located to develop a plan for reducing the emissions of nitrogen
5 oxides, sulfur dioxide, and particulate matter from the plants on an overall basis through
6 retirements, replacements, controls, or offsets, or any combination of the above, toward the air
7 emissions standards applicable to new electric-generating facilities in effect in the state or states
8 where the plants are located as of January 1, 1996. The plans shall be implemented in connection
9 with electric-industry restructuring in the state or states where the generating facilities are located.

10 (g) An electric distribution company, whether public, quasi-municipal, or investor owned,
11 that as of January 1, 1996, did not purchase power at wholesale from a wholesale power supplier
12 under an all-requirements contract, shall include proposals for recovering transition costs consistent
13 with the elements that would be comparable in nature to the elements included in termination fees
14 pursuant to § 39-1-27.4(b) through (g) and for providing a standard offer consistent with
15 requirements of § 39-1-27.3(d) in its plan filed with the commission pursuant to this section. The
16 filing by an electric distribution company that is a quasi-municipal corporation shall also address
17 any unique circumstances affecting the electric distribution company, including special contract
18 requirements or charter restrictions and the conditions that the quasi-municipal corporation must
19 satisfy in order to participate in retail competition. In reviewing the filing and determining the
20 appropriate level of transition cost recovery, the commission shall apply standards consistent with
21 those contained in § 39-1-27.4(b) through (g) and with this subsection. The commission shall be
22 authorized to take any action or to grant any approval necessary to maintain hydroelectric power
23 purchases from the Niagara and St. Lawrence power projects by quasi-municipal corporations.
24 Notwithstanding any other provision of this section, quasi-municipal electric distribution
25 companies that purchase hydroelectric power from the Niagara and St. Lawrence power projects
26 shall be authorized to continue to resell that power to residential customers within their service
27 territories. After notice and public hearing, the commission may exempt electric distribution
28 companies subject to this subsection from: (1) The requirement to transfer ownership of generation
29 and transmission facilities to affiliated companies pursuant to subsection (a) of this section; and (2)
30 The prohibition against selling electricity at retail pursuant to subsection (d) of this section with
31 respect to sales within the service territory of the electric distribution company, if it determines that
32 the exemptions are in the public interest.

33 (h) With the exception of the requirements of the standard offer set forth in § 39-1-27.3(e)
34 and (f) and retail electric licensing commission plan requirements pursuant to § 39-1-27.1, nothing

1 in this section shall be construed or interpreted to constrain the application of antitrust laws to
2 nonregulated power producers, whether affiliated or not with an electric distribution company.

3 SECTION 2. Section 39-1-27.3 of the General Laws in Chapter 39-1 entitled "Public
4 Utilities Commission" is hereby amended to read as follows:

5 **39-1-27.3. Electric distribution companies required to provide retail access, standard**
6 **offer and last-resort service.**

7 (a) To promote economic development and the creation and preservation of employment
8 opportunities within the state, each electric distribution company, except Pascoag Utility District
9 and the Block Island Utility District, a quasi-municipal corporation, district, and subdivision of the
10 state ("electric distribution company"), shall offer retail access from nonregulated power producers
11 to all customers.

12 (b) Through year 2009, and effective July 1, 2007, through year 2020, each electric
13 distribution company shall arrange for a standard power-supply offer ("standard offer") to
14 customers that have not elected to enter into power-supply arrangements with other nonregulated
15 power suppliers. The rates that are charged by the electric distribution company to customers for
16 standard-offer service shall be approved by the commission and shall be designed to recover the
17 electric distribution company's costs and no more than the electric distribution company's costs;
18 provided, that the commission may establish and/or implement a rate that averages the costs over
19 periods of time. The electric distribution company shall not be entitled to recover any profit margin
20 on the sale of standard-offer power, except with approval of the commission as may be necessary
21 to implement, fairly and effectively, system reliability and least-cost procurement. The electric
22 distribution company will be entitled to recover its costs incurred from providing the standard offer
23 arising out of: (1) Wholesale standard-offer supply agreements with power suppliers in effect prior
24 to January 1, 2002; (2) Power-supply arrangements that are approved by the commission after
25 January 1, 2002; (3) Power-supply arrangements made pursuant to §§ 39-1-27.3.1 and 39-1-27.8;
26 and (4) Any other power-supply-related arrangements prudently made after January 1, 2002, to
27 provide standard-offer supply or to mitigate standard-offer supply costs, including costs for system
28 reliability, procurement, and least-cost procurement, as provided for in § 39-1-27.7. Subject to
29 commission approval, the electric distribution company may enter into financial contracts designed
30 to hedge fuel-related or other variable costs associated with power-supply arrangements and the
31 costs of any such financial contracts shall be recoverable in standard-offer rates. The electric
32 distribution company's standard-offer revenues and its standard-offer costs shall be accounted for
33 and reconciled with interest at least annually. Except as otherwise may be directed by the
34 commission in order to accomplish purposes established by law, any over recoveries shall be

1 refunded to customers in a manner directed by the commission, and any under recoveries shall be
2 recovered by the electric distribution company through a uniform adjustment factor approved by
3 the commission. The commission shall have the discretion to apply such adjustment factor in any
4 given instance to all customers or to such specific class of customers that the commission deems
5 equitable under the circumstances provided that the distribution company recovers any under
6 recovery in its entirety. Once a customer has elected to enter into a power-supply arrangement with
7 a nonregulated power producer, the electric distribution company shall not be required to arrange
8 for the standard offer to such customer except as provided in § 39-1-27.3.1. No customer who
9 initially elects the standard offer and then chooses an alternative supplier shall be required to pay
10 any withdrawal fee or penalty to the provider of the standard offer unless such a penalty or
11 withdrawal fee was agreed to as part of a contract; however, no residential customer shall be
12 required to pay a penalty or withdrawal fee for choosing an alternative supplier. Nothing in this
13 subsection shall be construed to restrict the right of any nonregulated power producer to offer to
14 sell power to customers at a price comparable to that of the standard offer specified pursuant to this
15 subsection. The electric distribution company may not terminate an existing standard-offer
16 wholesale supply agreement without the written consent of the division.

17 (c) In recognition that electricity is an essential service, each electric distribution company
18 shall arrange for a last-resort power supply for customers who have left the standard offer for any
19 reason and are not otherwise receiving electric service from nonregulated power producers. The
20 electric distribution company shall procure last-resort service supply from wholesale power
21 suppliers or from itself if it owns an electric generating facility pursuant to chapter 20 of this title.
22 Prior to acquiring last-resort supply, the electric distribution company will file with the commission
23 a supply acquisition plan or plans that include the acquisition procedure, the pricing options being
24 sought, and a proposed term of service for which last-resort service will be acquired, including
25 from any electric generating facility owned or operated by the electric distribution company. The
26 term of service may be short- or long-term and acquisitions may occur from time to time and for
27 more than one supplier for segments of last-resort service load over different terms, if appropriate.
28 All the components of the acquisition plans, however, shall be subject to commission review and
29 approval. Once an acquisition plan is approved by the commission, the electric distribution
30 company shall be authorized to acquire last-resort service supply consistent with the approved
31 acquisition plan and recover its costs incurred from providing last-resort service pursuant to the
32 approved acquisition plan. The commission may periodically review the acquisition plan to
33 determine whether it should be prospectively modified due to changed market conditions. The
34 commission shall have the authority and discretion to approve special tariff conditions and rates

1 proposed by the electric distribution company that the commission finds are in the public interest,
2 including without limitation: (1) Short- or long-term optional service at different rates; (2) Term
3 commitments or notice provisions before individual customers leave last-resort service; (3) Last-
4 resort service rates for residential or any other special class of customers that are different than the
5 rates for other last-resort customers; and/or (4) Last-resort service rates that are designed to
6 encourage any class of customers to return to the market. The electric distribution company's last-
7 resort service revenues and its last-resort service costs shall be accounted for and reconciled with
8 interest at least annually. Any over recoveries shall be refunded and any under recoveries shall be
9 recovered by the electric distribution company through a uniform adjustment factor approved by
10 the commission. The commission shall have the discretion to apply such adjustment factor in any
11 given instance to all customers or to such specific class of customers that the commission deems
12 equitable under the circumstances provided that the distribution company recovers any under
13 recovery in its entirety. Nothing in this section shall be construed to prohibit an electric distribution
14 company from terminating service provided hereunder in accordance with commission rules and
15 regulations in the event of nonpayment of this service. The commission may promulgate
16 regulations to implement this section including the terms and conditions upon which last-resort
17 service is offered and provided to customers.

18 (d) If a customer being served by a nonregulated power producer pays any taxes assessed
19 for electric service to the electric distribution company and the electric distribution company
20 forwards such tax payment for the power portion of the bill to a nonregulated power producer for
21 payment by the nonregulated power producer to the state, neither the customer nor the electric
22 distribution company shall be liable for such taxes forwarded if the nonregulated power producer
23 fails to remit such taxes to the state for any reason.

24 SECTION 3. Sections 39-20-2 and 39-20-3 of the General Laws in Chapter 39-20 entitled
25 "Ownership of Electric-Generating Facilities" are hereby amended to read as follows:

26 **39-20-2. Definitions.**

27 In this chapter, unless the context otherwise requires, the following words shall have the
28 following meanings:

- 29 (1) "Commission" means the public utilities commission.
30 (2) "Division" means the division of public utilities and carriers.
31 (3) "Domestic electric utility" means an electric utility organized under the laws of, or
32 having its principal place of business in, this state.
33 (4) "Electric-generating facilities" means electric-generating units [that are owned or](#)
34 [operated by a nonregulated power producer, or by a domestic electric utility or an affiliate thereof](#)

1 ~~rated five hundred megawatts (500 MW) or above, and that are generating electricity on or after~~
2 ~~January 1, 2025 and generating stations in commercial generation on or before January 1, 1990,~~
3 ~~that are subsequently altered or modified to increase the rating of these stations by at least two~~
4 ~~hundred megawatts (200 MW),~~ and related facilities including those for the transmission of the
5 capacity and related energy from these units or stations.

6 (5) “Electric utility” means any electric distribution company as defined in § 39-1-2(12) or
7 any individual, partnership, corporation, association, or entity, or subdivision thereof, private,
8 governmental, or other, wherever resident or organized, primarily engaged in the generation and
9 sale or purchase and sale of electricity, or the transmission thereof, for ultimate consumption by
10 the public.

11 (6) “Foreign electric utility” means any electric utility other than a domestic electric utility.

12 **39-20-3. Powers of domestic electric utilities.**

13 Notwithstanding any contrary provisions of any general or special law relating to the
14 powers and authorities of domestic electric utilities or any limitation imposed by their charters
15 (which are hereby amended), but subject to the provisions of this title and this chapter, a domestic
16 electric utility shall have the following additional powers:

17 (1) Jointly or separately to plan, finance, construct, purchase, operate, maintain, use, share
18 costs of, own, mortgage, lease, sell, provide services for, dispose of, or otherwise participate in
19 electric-generating facilities, or portions thereof, within or without the state, or the product or
20 service therefrom, or securities issued in connection with the financing of electric-generating
21 facilities or portions thereof;

22 (2) To enter into and perform contracts for joint or separate planning, financing,
23 construction, purchase, operation, maintenance, use, sharing costs of, ownership, mortgaging,
24 leasing, sale, providing services for, disposal of, or other participation in electric-generating
25 facilities, or portions thereof, within or without the state, or the product or service therefrom, or
26 securities issued in connection with the financing of electric-generating facilities or portions
27 thereof, including, without limitation, contracts for the payment of obligations imposed without
28 regard to the operational status of a facility or facilities and contracts with domestic or foreign
29 electric utilities for the sale or purchase of electricity from an electric-generating facility or facilities
30 for long or short periods of time or for the life of a specific electric-generating unit or units; and

31 (3) To enter into and perform contracts for the transmission both within or without the state
32 of the capacity and related energy from a specifically identified electric-generating facility,
33 wherever located, to its own retail service territory, or to any purchaser of such capacity and related
34 energy; provided, however, that nothing in this section shall be construed to authorize a domestic

1 electric utility to sell electricity at wholesale or retail within or without this state unless:

2 (i) The sale is authorized under its charter or the general or special laws of this state other
3 than this chapter including, but not limited to, § 39-1-27.3; ~~or~~

4 (ii) The sale constitutes a sale of capacity and related energy from a specifically identified
5 electric-generating facility or a sale of economy, backup, and other energy therefrom; ~~or~~ or

6 (iii) The sale is made through a regional marketplace operated by a regional transmission
7 organization.

8 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 -- PUBLIC UTILITIES COMMISSION
-- UTILITY OWNERSHIP OF ELECTRIC GENERATING FACILITIES

1 This act would apply to electric-generating facilities owned or operated by non-regulated
2 power producers, a domestic electric utility or its affiliates generating electricity on or after January
3 1, 2025 regarding the sale and transmission of electricity, restructuring of the facility, and
4 provisions of last-resort service.

5 This act would take effect upon passage.

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