

2026 -- S 2764

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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 -- RENEWABLE ENERGY
STANDARD

Introduced By: Senators Tikoian, Burke, Raptakis, Ciccone, Patalano, Famiglietti, Gallo,
Thompson, Dimitri, and Appollonio

Date Introduced: March 04, 2026

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 39-26 of the General Laws entitled "Renewable Energy Standard" is
2 hereby amended by adding thereto the following section:

3 **39-26-5.1. Zero-emission resources.**

4 (a) Zero-emission resources are:

5 (1) Nuclear energy resources, meaning electricity generated by a nuclear fission or nuclear
6 fusion facility that is licensed by the United States Regulatory Commission or its successor, and
7 that produces no direct emissions of greenhouse gases or criteria air pollutants at the point of
8 generation.

9 (2) Large-scale hydroelectric facilities, meaning hydroelectric generation units that are not
10 “small hydro facilities” as defined in § 39-26-2, that generate electricity through the conversion of
11 the energy of flowing or falling water and that produce no direct emissions of greenhouse gases or
12 criteria air pollutants at the point of generation.

13 (b) For the purposes of the regulations promulgated under this chapter, eligible zero-
14 emission energy resources are generation units in the NEPOOL control area using zero-emission
15 energy resources as defined in this section.

16 (c) A generation unit located in an adjacent control area outside of the NEPOOL may
17 qualify as an eligible zero-emission energy resource, but the associated generation attributes shall
18 be applied to any zero-emission standard established under this chapter only to the extent that the

1 energy produced by the generation unit is actually delivered into NEPOOL for consumption by
2 New England customers. The delivery of the energy from the generation unit into NEPOOL shall
3 be demonstrated by:

4 (1) A unit-specific bilateral contract for the sale and delivery of such energy into NEPOOL;

5 (2) Confirmation from ISO-New England that the zero-emission energy was actually
6 settled in the NEPOOL system; and

7 (3) Confirmation through the North American Electric Reliability Corporation tagging
8 system, or its successor, that the import of the energy into NEPOOL actually occurred; or

9 (4) Any such other requirements as the commission deems appropriate.

10 (d) NE-GIS certificates associated with the energy production from off-grid generation and
11 customer-sited generation facilities certified by the commission as eligible zero-emission energy
12 resources may also be used to demonstrate compliance with any zero-emission standard.

13 SECTION 2. Sections 39-26-1, 39-26-2, 39-26-4, 39-26-6 and 39-26-7 of the General
14 Laws in Chapter 39-26 entitled "Renewable Energy Standard" are hereby amended to read as
15 follows:

16 **39-26-1. Legislative findings.**

17 The General Assembly finds that:

18 (1) The people and energy users of Rhode Island have an interest in having electricity
19 supplied in the state come from a diversity of energy sources including renewable and zero-
20 emission resources;

21 (2) Increased use of renewable and zero-emission energy may have the potential to lower
22 and stabilize future energy costs and protect ratepayers from the volatility of regional energy
23 markets;

24 (3) Increased use of renewable and zero-emission energy can reduce air pollutants,
25 including carbon dioxide emissions, that adversely affect public health and contribute to global
26 warming;

27 (4) Massachusetts, Connecticut, and other states have established renewable energy
28 standard programs to encourage the development of renewable energy sources;

29 (5) It is in the interest of the people, in order to protect public health and the environment
30 and to promote the general welfare and to ensure affordability and reliability, to establish a
31 renewable and zero-emission energy standard program to increase levels of electrical energy
32 supplied in the state from renewable resources in a manner that prioritizes efficiency and cost-
33 effectiveness.

34 **39-26-2. Definitions.**

1 When used in this chapter:

2 ~~(1) “Alternative compliance payment” means a payment to the renewable energy~~
3 ~~development fund of fifty dollars (\$50.00) per megawatt hour of renewable energy obligation, in~~
4 ~~2003 dollars, adjusted annually up or down by the consumer price index, which may be made in~~
5 ~~lieu of standard means of compliance with this statute.~~

6 (1) “Alternative compliance payment” means a payment made in lieu of standard means of
7 compliance with this statute, as follows:

8 (i) For new renewable energy and zero-emission resources, an alternative compliance
9 payment of forty dollars (\$40.00) per megawatt-hour of renewable energy obligation;

10 (ii) For existing renewable energy and zero-emission resources, an alternative compliance
11 payment of eleven dollars (\$11.00) per megawatt-hour of renewable energy obligation;

12 (iii) All such payments shall be deposited into the renewable energy development fund and
13 distributed in accordance with § 39-26-7.

14 (2) “Commission” means the Rhode Island public utilities commission.

15 (3) “Compliance year” means a calendar year beginning January 1 and ending December
16 31, for which an obligated entity must demonstrate that it has met the requirements of this statute.

17 (4) “Customer-sited generation facility” means a generation unit that is interconnected on
18 the end-use customer’s side of the retail electricity meter in such a manner that it displaces all or
19 part of the metered consumption of the end-use customer.

20 (5) “Electrical energy product” means an electrical energy offering, including, but not
21 limited to, last-resort and standard-offer service, that can be distinguished by its generation
22 attributes or other characteristics, and that is offered for sale by an obligated entity to end-use
23 customers.

24 (6) “Eligible biomass fuel” means fuel sources including brush, stumps, lumber ends and
25 trimmings, wood pallets, bark, wood chips, shavings, slash, and other clean wood that is not mixed
26 with other solid wastes; agricultural waste, food, and vegetative material; energy crops; landfill
27 methane; biogas; or neat biodiesel and other neat liquid fuels that are derived from such fuel
28 sources.

29 (7) “Eligible renewable and zero-emission energy resource” means resources as defined in
30 ~~§~~ §§ 39-26-5 and 39-26-5.1.

31 (8) “End-use customer” means a person or entity in Rhode Island that purchases electrical
32 energy at retail from an obligated entity.

33 (9) “Existing renewable and zero-emission energy resources” means generation units using
34 eligible renewable energy resources and zero-emission resources and first going into commercial

1 operation before December 31, 1997.

2 (10) “Generation attributes” means the nonprice characteristics of the electrical energy
3 output of a generation unit including, but not limited to, the unit’s fuel type, emissions, vintage,
4 and policy eligibility.

5 (11) “Generation unit” means a facility that converts a fuel or an energy resource into
6 electrical energy.

7 (12) “High-heat medical waste processing facility” means a facility that:

8 (i) Generates electricity from the combustion, gasification, or pyrolysis of regulated
9 medical waste;

10 (ii) Generates electricity from the combustion of fuel derived from the gasification or
11 pyrolysis of regulated medical waste; or

12 (iii) Disposes of, processes, or treats regulated medical waste through combustion,
13 gasification, pyrolysis, or any process that exposes waste to temperatures above four hundred
14 degrees Fahrenheit (400°F).

15 (13) “NE-GIS” means the generation information system operated by NEPOOL, its
16 designee or successor entity, that includes a generation information database and certificate system,
17 and that accounts for the generation attributes of electrical energy consumed within NEPOOL.

18 (14) “NE-GIS certificate” means an electronic record produced by the NE-GIS that
19 identifies the relevant generation attributes of each megawatt-hour accounted for in the NE-GIS.

20 (15) “NEPOOL” means the New England Power Pool or its successor.

21 (16) “New renewable energy [and zero-emission](#) resources” means generation units using
22 eligible renewable energy [and zero-emission](#) resources and first going into commercial operation
23 after December 31, 1997; or the incremental output of generation units using eligible renewable
24 energy [and zero-emission](#) resources that have demonstrably increased generation in excess of ten
25 percent (10%) using eligible renewable energy [and zero-emission](#) resources through capital
26 investments made after December 31, 1997; but in no case involve any new impoundment or
27 diversion of water with an average salinity of twenty (20) parts per thousand or less.

28 (17) “Obligated entity” means a person or entity who or that sells electrical energy to end-
29 use customers in Rhode Island, including, but not limited to: nonregulated power producers and
30 electric utility distribution companies, as defined in § 39-1-2, supplying standard-offer service, last-
31 resort service, or any successor service to end-use customers, including Narragansett Electric, but
32 not to include Block Island Power Company as described in § 39-26-7 or Pascoag Utility District.

33 (18) “Off-grid generation facility” means a generation unit that is not connected to a utility
34 transmission or distribution system.

1 (19) “Renewable energy [and zero-emission](#) resource” means any one or more of the
2 renewable energy [and zero-emission](#) resources described in ~~§~~ §§ 39-26-5(a) [and 39-26-5.1](#).

3 (20) “Reserved certificate” means a NE-GIS certificate sold independent of a transaction
4 involving electrical energy, pursuant to Rule 3.4 or a successor rule of the operating rules of the
5 NE-GIS.

6 (21) “Reserved certificate account” means a specially designated account established by
7 an obligated entity, pursuant to Rule 3.4 or a successor rule of the operating rules of the NE-GIS,
8 for transfer and retirement of reserved certificates from the NE-GIS.

9 (22) “Self-generator” means an end-use customer in Rhode Island that displaces all or part
10 of its retail electricity consumption, as metered by the distribution utility to which it interconnects,
11 through the use of a customer-sited generation facility, and the ownership of any such facility shall
12 not be considered an obligated entity as a result of any such ownership arrangement.

13 (23) “Small hydro facility” means a facility employing one or more hydroelectric turbine
14 generators and with an aggregate capacity not exceeding thirty megawatts (30 MW). For purposes
15 of this definition, “facility” shall be defined in a manner consistent with Title 18 of the Code of
16 Federal Regulations, section 292.204; provided, however, that the size of the facility is limited to
17 thirty megawatts (30 MW), rather than eighty megawatts (80 MW).

18 **39-26-4. Renewable energy standard.**

19 (a) Starting in compliance year 2007, all obligated entities shall obtain at least three percent
20 (3%) of the electricity they sell at retail to Rhode Island end-use customers, adjusted for electric
21 line losses, from eligible renewable energy resources [and zero-emission resources](#), escalating,
22 according to the following schedule:

23 (1) At least three percent (3%) of retail electricity sales in compliance year 2007;

24 (2) An additional one-half of one percent (0.5%) of retail electricity sales in each of the
25 following compliance years 2008, 2009, 2010;

26 (3) An additional one percent (1%) of retail electricity sales in each of the following
27 compliance years 2011, 2012, 2013, 2014, provided that the commission has determined the
28 adequacy, or potential adequacy, of renewable energy [and zero-emission](#) supplies to meet these
29 percentage requirements;

30 [\(4\) There shall be no increase to the renewable energy standard for compliance year 2015,](#)
31 [and the incremental increases shall resume in the subsequent compliance years as provided in](#)
32 [subsections \(a\)\(5\) through \(a\)\(12\) of this section.](#)

33 ~~(4)(5)~~ An additional one and one-half percent (1.5%) of retail electricity sales in each of
34 the following compliance years ~~2015~~, 2016, 2017, 2018, 2019, 2020, 2021, and 2022;

1 ~~(5)(6)~~ [Deleted by P.L. 2016, ch. 144, § 1 and P.L. 2016, ch. 155, § 1.]
2 ~~(6)(7)~~ An additional four percent (4%) of retail electricity sales in 2023;
3 ~~(7)(8)~~ An additional five percent (5%) of retail electricity sales in 2024;
4 ~~(8)(9)~~ An additional six percent (6%) of retail electricity sales in 2025;
5 ~~(9)(10)~~ An additional seven percent (7%) of retail electricity sales in 2026 ~~and 2027~~;
6 ~~(10)(11)~~ An additional ~~seven and one half percent (7.5%) of retail electricity sales in 2028~~
7 three percent (3%) of retail electricity sales in 2027, 2028, 2029, and 2030;
8 ~~(11)(12)~~ An additional ~~eight percent (8%) of retail electricity sales in 2029~~ four percent
9 (4%) of retail electricity sales in 2031, 2032, and 2033; and
10 (13) An additional five percent (5%) of retail electricity sales in 2034, 2035, 2036, 2037,
11 2038, 2039, and 2040
12 ~~(12) An additional eight and one half percent (8.5%) of retail electricity sales in 2030~~;
13 ~~(13) An additional nine percent (9%) of retail electricity sales in 2031~~; and
14 ~~(14) An additional nine and one half percent (9.5%) of retail electricity sales in 2032 and~~
15 ~~2033~~ to achieve the goal that one hundred percent (100%) of Rhode Island's retail electricity
16 ~~demand~~ sales is from renewable energy and zero-emission resources by ~~2033~~ 2040 and each year
17 thereafter.

18 (b) For each obligated entity and in each compliance year, the amount of retail electricity
19 sales used to meet obligations under this statute that are derived from existing renewable energy
20 resources shall not exceed two percent (2%) of total retail electricity sales for compliance year
21 2026, and twenty-five percent (25%) for each compliance year thereafter.

22 (c) The minimum renewable energy percentages set forth in subsection (a) shall be met for
23 each electrical energy product offered to end-use customers, in a manner that ensures that the
24 amount of renewable energy of end-use customers voluntarily purchasing renewable energy is not
25 counted toward meeting such percentages. Notwithstanding the foregoing, municipalities engaged
26 in aggregation pursuant to § 39-3-1.2 may include in their aggregation plan terms that would allow
27 voluntary renewable energy products to be counted toward meeting such percentages. ~~In 2024, the~~
28 ~~commission, with input from the office of energy resources, division of public utilities and carriers,~~
29 ~~obligated entities, other market participants, and the public, shall assess the impact of allowing~~
30 ~~voluntary renewable energy purchases to be counted toward meeting the annual percentages. The~~
31 ~~commission shall submit a report of its findings and recommendations to the governor, speaker of~~
32 ~~the house, and senate president no later than September 1, 2024.~~

33 (d) To the extent consistent with the requirements of this chapter, compliance with the
34 renewable energy standard may be demonstrated through procurement of NE-GIS certificates

1 relating to generating units certified by the commission as using eligible renewable energy sources
2 [and zero-emission resources](#), as evidenced by reports issued by the NE-GIS administrator.
3 Procurement of NE-GIS certificates from off-grid and customer-sited generation facilities, verified
4 by the commission as eligible renewable energy resources [and zero-emission resources](#), may also
5 be used to demonstrate compliance. With the exception of contracts for generation supply entered
6 into prior to 2002, initial title to NE-GIS certificates from off-grid and customer-sited generation
7 facilities and from all other eligible renewable energy [and zero-emission](#) resources, shall accrue to
8 the owner of such a generation facility, unless such title has been explicitly deemed transferred
9 pursuant to contract or regulatory order.

10 (e) In lieu of providing NE-GIS certificates pursuant to subsection (d) of this section, an
11 obligated entity may also discharge all or any portion of its compliance obligations by making an
12 alternative compliance payment to the renewable energy development fund established pursuant to
13 § 39-26-7.

14 (f) Retail electricity sales pursuant to a nonregulated power producer's supply contract that
15 was executed prior to July 1, 2022, shall be required to obtain an additional one and one-half percent
16 (1.5%) of retail electricity sales each year and are exempted from the requirements of subsections
17 (a)(6) through (a)(14) of this section until the end date of the term of the nonregulated power
18 producer's supply contract.

19 **39-26-6. Duties of the commission.**

20 (a) The commission shall:

21 (1) Develop and adopt regulations on or before December 31, 2005, for implementing a
22 renewable energy standard, which regulations shall include, but be limited to, provisions for:

23 (i) Verifying the eligibility of renewable energy [and zero-emission](#) generators and the
24 production of energy from such generators, including requirements to notify the commission in the
25 event of a change in a generator's eligibility status;

26 (ii) Standards for contracts and procurement plans for renewable energy [and zero-emission](#)
27 resources to achieve the purposes of this chapter;

28 (iii) Flexibility mechanisms for the purposes of easing compliance burdens; facilitating
29 bringing new renewable [and zero-emission](#) resources on-line; and avoiding and/or mitigating
30 conflicts with state-level source disclosure requirements and green marketing claims throughout
31 the region; which flexibility mechanisms shall allow obligated entities to: (A) Demonstrate
32 compliance over a compliance year; and (B) Bank excess compliance for ~~two (2) subsequent~~
33 ~~compliance years, capped at thirty percent (30%) of the current year's obligation~~ [up to three \(3\)](#)
34 [subsequent compliance years with no limitation on quantity](#); and

1 (iv) Annual compliance filings to be made by all obligated entities within one month after
2 NE-GIS reports are available for the fourth (4th) quarter of each calendar year. All electric-utility-
3 distribution companies shall cooperate with the commission in providing data necessary to assess
4 the magnitude of obligation and verify the compliance of all obligated entities.

5 (2) Authorize rate recovery by electric-utility-distribution companies of all prudent
6 incremental costs arising from the implementation of this chapter, including, without limitation:
7 the purchase of NE-GIS certificates [including certificates from zero-emission resources](#); the
8 payment of alternative compliance payments; required payments to support the NE-GIS;
9 assessments made pursuant to § 39-26-7(c); and the incremental costs of complying with energy
10 source disclosure requirements.

11 (3) Certify eligible renewable energy [and zero-emission](#) resources by issuing statements of
12 qualification within ninety (90) days of application. The commission shall provide prospective
13 reviews for applicants seeking to determine whether a facility would be eligible.

14 (4) [Deleted by P.L. 2022, ch. 218, § 1 and P.L. 2022, ch. 226, § 1.]

15 (5) Establish sanctions for those obligated entities that, after investigation, have been found
16 to fail to reasonably comply with the commission's regulations. No sanction or penalty shall relieve
17 or diminish an obligated entity from liability for fulfilling any shortfall in its compliance obligation;
18 provided, however, that no sanction shall be imposed if compliance is achieved through alternative
19 compliance payments. The commission may suspend or revoke the certification of generation units,
20 certified in accordance with subsection (a)(3) of this section, that are found to provide false
21 information or that fail to notify the commission in the event of a change in eligibility status or
22 otherwise comply with its rules. Financial penalties resulting from sanctions from obligated entities
23 shall not be recoverable in rates.

24 (6) Report, by February 15, 2006, and by February 15 each year thereafter, to the governor,
25 the speaker of the house, and the president of the senate on the status of the implementation of the
26 renewable energy standards in Rhode Island and other states, and which report shall include in
27 2009, and each year thereafter, the level of use of renewable energy certificates by eligible
28 renewable energy [and zero-emission](#) resources and the portion of renewable energy standards met
29 through alternative compliance payments, and the amount of rate increases authorized pursuant to
30 subsection (a)(2) of this section.

31 (b) Consistent with the public policy objective of developing renewable [and zero-emission](#)
32 generation as an option in Rhode Island, and subject to the review and approval of the commission,
33 the electric distribution company is authorized to propose and implement pilot programs to own
34 and operate no more than fifteen megawatts (15 MW) of renewable-generation [and zero-emission](#)

1 demonstration projects in Rhode Island and may include the costs and benefits in rates to
2 distribution customers. At least two (2) demonstration projects shall include renewable generation
3 installed at, or in the vicinity of nonprofit, affordable-housing projects where energy savings
4 benefits are provided to reduce electric bills of the customers at the nonprofit, affordable-housing
5 projects. Any renewable- [and zero-emission](#) generation proposals shall be subject to the review and
6 approval of the commission. The commission shall annually make an adjustment to the minimum
7 amounts required under the renewable energy standard under this chapter in an amount equal to the
8 kilowatt hours generated by such units owned by the electric distribution company. The electric
9 and gas distribution company shall also be authorized to propose and implement smart-metering
10 and smart-grid demonstration projects in Rhode Island, subject to the review and approval of the
11 commission, in order to determine the effectiveness of such new technologies for reducing and
12 managing energy consumption, and may include the costs of such demonstration projects in
13 distribution rates to electric customers to the extent the project pertains to electricity usage and in
14 distribution rates to gas customers to the extent the project pertains to gas usage.

15 **39-26-7. Renewable energy development fund.**

16 (a) There is hereby authorized and created within the Rhode Island commerce corporation
17 a renewable energy development fund for the purpose of increasing the supply of NE-GIS
18 certificates available for compliance in future years by obligated entities with renewable energy
19 standard requirements, as established in this chapter. The fund shall be located at the Rhode Island
20 commerce corporation. The Rhode Island commerce corporation shall administer the fund and
21 adopt plans and guidelines for the management and use of the fund in coordination with the office
22 of energy resources and the Rhode Island infrastructure bank.

23 (b) The Rhode Island commerce corporation shall enter into agreements with obligated
24 entities to accept alternative compliance payments, consistent with rules of the commission and the
25 purposes set forth in this section; and alternative compliance payments received pursuant to this
26 section shall be trust funds to be held and applied solely for the purposes set forth in this section.

27 (c) The uses of the fund shall include but not be limited to:

28 (1) Stimulating investment in renewable energy development by entering into agreements,
29 including multiyear agreements, for renewable energy certificates;

30 (2) Establishing and maintaining a residential renewable energy program using eligible
31 technologies in accordance with § 39-26-5;

32 (3) Providing technical and financial assistance to municipalities for interconnection and
33 feasibility studies, and/or the installation of renewable energy projects;

34 (4) Implementing and supporting commercial and residential property assessed clean-

1 energy projects;

2 (5) Issuing assurances and/or guarantees to support the acquisition of renewable energy
3 certificates and/or the development of new renewable energy sources for Rhode Island;

4 (6) Establishing escrows, reserves, and/or acquiring insurance for the obligations of the
5 fund;

6 (7) Paying administrative costs of the fund incurred by the Rhode Island commerce
7 corporation, the Rhode Island infrastructure bank, and the office of energy resources, not to exceed
8 ten percent (10%) of the income of the fund, including, but not limited to, alternative compliance
9 payments. All funds transferred from the Rhode Island commerce corporation to support the office
10 of energy resources' administrative costs shall be deposited as restricted receipts.

11 (d) All applications received for the use of the fund shall be reviewed by the Rhode Island
12 commerce corporation in consultation with the office of energy resources and the Rhode Island
13 infrastructure bank.

14 (e) NE-GIS certificates acquired through the fund may be conveyed to obligated entities or
15 may be credited against the renewable energy standard for the year of the certificate provided that
16 the commission assesses the cost of the certificates to the obligated entity, or entities, benefiting
17 from the credit against the renewable energy standard, which assessment shall be reduced by
18 previously made alternative compliance payments and shall be paid to the fund.

19 (f) Notwithstanding any other provision of this section, effective January 1, 2027, fifty
20 percent (50%) of all alternative compliance payment revenues shall be transferred to the electric
21 distribution company for the purpose of providing direct rate relief, to be applied as bill credits to
22 all ratepayer accounts. The electric distribution company shall file a proposed direct rate relief plan
23 with the public utilities commission for review and approval no later than ninety (90) days after
24 receipt of such funds.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- RENEWABLE ENERGY
STANDARD

1 This act would expand Rhode Island's Renewable Energy Standard to include nuclear and
2 large-scale hydroelectric power as eligible zero-emission resources and set rules and regulations
3 for how they would qualify. Additionally, this act would update compliance payments and
4 procurement rules and regulations and also require that one hundred percent (100%) of Rhode
5 Island retail electricity sales come from renewable and zero-emission resources by 2040.

6 This act would take effect upon passage.

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