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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2021

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A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- OFFICE OF ENERGY  
RESOURCES INTERCONNECTION STANDARDS

Introduced By: Representatives Morales, Potter, McGaw, Tanzi, and Giraldo

Date Introduced: February 24, 2021

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 39-26.3 of the General Laws entitled "Distributed Generation  
2 Interconnection" is hereby repealed in its entirety.

3 ~~CHAPTER 39-26.3~~

4 ~~Distributed Generation Interconnection~~

5 ~~**39-26.3-1. Policy objective.**~~

6 ~~The general assembly hereby finds and declares that the expeditious completion of the~~  
7 ~~application process for renewable distributed generation is in the public interest. For this reason,~~  
8 ~~certain standards and other provisions for the processing of applications are hereby set forth to~~  
9 ~~assure that the application process assists in the development of renewable generation resources in~~  
10 ~~a timely manner.~~

11 ~~**39-26.3-2. Definitions.**~~

12 ~~The following terms shall have the meanings given below for purposes of this chapter:~~

13 ~~(1) "Applicant" means an electric distribution customer or distributed generation developer~~  
14 ~~who submits an application to the electric distribution company for the installation of a renewable~~  
15 ~~distributed generation interconnection to the distribution system for a renewable distributed~~  
16 ~~generation project that, as contemplated, meets the eligibility requirements for net metering~~  
17 ~~contained within this title or the eligibility requirements for a standard contract contained within~~  
18 ~~this title.~~

1           ~~(2) "Feasibility study" means a high level project assessment that includes an estimate of~~  
2 ~~the cost of interconnecting to the distribution system that would be assessed on the applicant for an~~  
3 ~~interconnection. The estimate is not based on any engineering study, but is based on past experience~~  
4 ~~and judgment of the electric distribution company, taking into account the information in the~~  
5 ~~application, the location of the interconnection, and general knowledge of the distribution and~~  
6 ~~transmission system. The estimate cannot be relied upon by the applicant for purposes of holding~~  
7 ~~the electric distribution company liable or responsible for its accuracy as long as the electric~~  
8 ~~distribution company has provided the estimate in good faith. The feasibility study estimate shall~~  
9 ~~be a range within which the electric distribution company believes the interconnection costs are~~  
10 ~~likely to be and shall include a disclaimer that explains the nature of the estimate.~~

11           ~~(3) "Feasibility study fee" means a fee that shall be charged to the applicant to obtain a~~  
12 ~~feasibility study as specified in § 39-26.3-4.~~

13           ~~(4) "Impact study" means an engineering study that includes an estimate of the cost of~~  
14 ~~interconnecting to the distribution system that would be assessed on the applicant for an~~  
15 ~~interconnection that is based on an engineering study of the details of the proposed generation~~  
16 ~~project. The estimate generally will have a probability of accuracy of plus or minus twenty five~~  
17 ~~percent (25%). The estimate may be relied upon by the applicant for purposes of determining the~~  
18 ~~expected cost of interconnection, but the distribution company may not be held liable or responsible~~  
19 ~~if the actual costs exceed the estimate as long as the estimate was provided in good faith and the~~  
20 ~~interconnection was implemented prudently by the electric distribution company.~~

21           ~~(5) "Impact study fee" means a fee that shall be charged to the applicant to obtain an impact~~  
22 ~~study as specified in § 39-26.3-4.~~

23           ~~(6) "Renewable energy resource" means those resources set forth in § 39-26-5.~~

24           ~~**39-26.3-3. Application process.**~~

25           ~~(a) The application process set out in this section shall be applicable to electric distribution~~  
26 ~~companies thirty (30) days after the enactment of this chapter.~~

27           ~~(b) An applicant for a renewable distributed generation interconnection must submit an~~  
28 ~~application to the electric distribution company for an impact study, including a request for an~~  
29 ~~estimate of the cost of interconnecting the renewable distributed generation resource to the~~  
30 ~~distribution system. The applicant may request a feasibility study prior to requesting an impact~~  
31 ~~study, but the applicant is not required to do so and may submit an application for an impact study~~  
32 ~~without having obtained a feasibility study. The distribution company shall follow the schedule~~  
33 ~~below for all applications.~~

34           ~~(c) Upon receipt of a completed application requesting a feasibility study and receipt of the~~

1 ~~applicable feasibility study fee, the electric distribution company shall provide a feasibility study~~  
2 ~~to the applicant within thirty (30) days.~~

3 ~~(d) Upon receipt of a completed application requesting an impact study and receipt of the~~  
4 ~~applicable impact study fee, the electric distribution company shall provide an impact study within~~  
5 ~~ninety (90) days.~~

6 ~~(e) In anticipation of the electric distribution company needing to add resources that are~~  
7 ~~not currently in Rhode Island or covered in rates, to provide the necessary services to advance the~~  
8 ~~aggressive goals and objectives set forth in this title, the electric distribution company shall be~~  
9 ~~authorized to add up to two (2) incremental employee resources located in Rhode Island that shall~~  
10 ~~be primarily dedicated to servicing Rhode Island applicants and customers in connection with net~~  
11 ~~metering and the development of distributed generation resources, including the requisite resources~~  
12 ~~to perform impact and feasibility studies for distributed generation interconnections and to assure~~  
13 ~~that feasibility studies and impact studies, as well as other engineering activity necessary to~~  
14 ~~facilitate the completion of distributed generation projects in Rhode Island, are implemented and~~  
15 ~~delivered on a timely basis. Prior to new rates going into effect following the company's next~~  
16 ~~general rate case filing, the cost of the incremental employee resources shall be recovered through~~  
17 ~~rates on an annual basis through an annual reconciliation mechanism, provided that the total amount~~  
18 ~~of fees collected from impact studies and feasibility studies shall be netted against such costs. Only~~  
19 ~~the cost of time and work actually spent on Rhode Island renewable energy project matters shall be~~  
20 ~~included in the annual reconciliation. The commission shall have the authority to review these~~  
21 ~~positions in the electric distribution company's next general rate case as a cost of service in the~~  
22 ~~same manner as it reviews all other expenses in a rate case to determine whether they should~~  
23 ~~continue. Nothing contained in this section shall preclude the electric distribution company from~~  
24 ~~adding additional resources, subject to commission approval.~~

25 ~~(f) Notwithstanding any other provision of this chapter, the application process and fees~~  
26 ~~set forth in this chapter apply only to interconnections to the distribution system by renewable~~  
27 ~~distributed generation resources. To the extent that a renewable generation resource seeks an~~  
28 ~~interconnection to the transmission system and the interconnection request is governed by rules and~~  
29 ~~regulations under the exclusive jurisdiction of the Federal Energy Regulatory Commission, the~~  
30 ~~provisions of this chapter shall not apply.~~

31 ~~(g) The rules and fees established in this chapter shall be incorporated within the applicable~~  
32 ~~"Standards for Interconnection of Distributed Generation" approved by the commission.~~

33 **39-26.3-4. Study cost fees.**

34 ~~(a) After thirty (30) days from the enactment of this chapter until the end of calendar year~~

1 ~~2012, the feasibility study fee shall be in accordance with the schedule set forth below:~~

2 ~~(1) Residential applicants for interconnections of UL 1741.1 approved renewable~~  
3 ~~distributed generation that is twenty five kilowatts (25 KW) or less: zero dollars (\$0).~~

4 ~~(2) Residential applicants for interconnections of UL 1741.1 approved renewable~~  
5 ~~distributed generation that is greater than twenty five kilowatts (25 KW): fifty dollars (\$50.00).~~

6 ~~(3) Nonresidential applicants for interconnections of UL 1741.1 approved renewable~~  
7 ~~distributed generation that is one hundred kilowatts (100 KW) or less: one hundred dollars (\$100).~~

8 ~~(4) Nonresidential applicants for interconnections of UL 1741.1 approved renewable~~  
9 ~~distributed generation that is two hundred fifty kilowatts (250 KW) or less: three hundred dollars~~  
10 ~~(\$300).~~

11 ~~(5) Nonresidential applicants for interconnections of renewable distributed generation that~~  
12 ~~is greater than two hundred fifty kilowatts (250 KW), up to one megawatt (1 MW): one thousand~~  
13 ~~dollars (\$1,000).~~

14 ~~(6) Nonresidential applicants for interconnections of renewable distributed generation~~  
15 ~~greater than one megawatt (1 MW): two thousand five hundred dollars (\$2,500).~~

16 ~~Beginning January 1, 2013, and for every year thereafter, the commission shall set a new~~  
17 ~~fee schedule that is no less than what is specified herein. The purpose of the fee schedule is to~~  
18 ~~provide a disincentive to applicants contemplating a renewable distributed generation project from~~  
19 ~~requesting order of magnitude estimates unless they are serious about pursuing such projects.~~

20 ~~(b) After thirty (30) days from the enactment of this chapter until the end of calendar year~~  
21 ~~2012, the impact study fee shall be in accordance with the schedule set forth below:~~

22 ~~(1) Residential applicants for interconnections of UL 1741.1 approved renewable~~  
23 ~~distributed generation that is twenty five kilowatts (25 KW) or less: zero dollars (\$0).~~

24 ~~(2) Residential applicants for interconnections of UL 1741.1 approved renewable~~  
25 ~~distributed generation that is greater than twenty five kilowatts (25 KW): one hundred dollars~~  
26 ~~(\$100).~~

27 ~~(3) Nonresidential applicants for interconnections of UL 1741.1 approved renewable~~  
28 ~~distributed generation that is one hundred kilowatts (100 KW) or less: five hundred dollars (\$500)~~

29 ~~(4) Nonresidential applicants for interconnections of UL 1741.1 approved renewable~~  
30 ~~distributed generation that is two hundred fifty kilowatts (250 KW) or less: one thousand five~~  
31 ~~hundred dollars (\$1,500).~~

32 ~~(5) Nonresidential applicants for interconnections of renewable distributed generation that~~  
33 ~~is greater than two hundred fifty kilowatts (250 KW), up to one megawatt (1 MW): five thousand~~  
34 ~~dollars (\$5,000).~~

1 ~~(6) Nonresidential applicants for interconnections of renewable distributed generation~~  
2 ~~greater than one megawatt (1 MW): ten thousand dollars (\$10,000).~~

3 ~~Beginning January 1, 2013, and for every year thereafter, the commission shall set a new~~  
4 ~~fee schedule that is no less than what is specified herein. The purpose of the impact study fee~~  
5 ~~schedule is to assure that an applicant is responsible for paying a reasonable amount of the cost of~~  
6 ~~the study in advance of installing the distributed generation, but that the advance cost is not so high~~  
7 ~~as to discourage an applicant from pursuing a project.~~

8 ~~(c) To the extent that an impact study fee established under this section does not cover the~~  
9 ~~reasonable cost of an impact study for a given nonresidential project that commences operation,~~  
10 ~~the balance of these costs shall be recovered from such applicant through billings after the project~~  
11 ~~is online. The electric distribution company may, at its sole election, offset net metering credits or~~  
12 ~~any standard contract payments until the full fee(s) is reimbursed, if it finds it administratively~~  
13 ~~convenient to use that means of billing for the balance of the fee for a given project.~~

14 ~~**39-26.3-4.1. Interconnection standards.**~~

15 ~~(a) The electric distribution company may only charge an interconnecting, renewable~~  
16 ~~energy customer for any system modifications to its electric power system specifically necessary~~  
17 ~~for and directly related to the interconnection.~~

18 ~~(b) If the public utilities commission determines that a specific system modification~~  
19 ~~benefiting other customers has been accelerated due to an interconnection request, it may order the~~  
20 ~~interconnecting customer to fund the modification subject to repayment of the depreciated value of~~  
21 ~~the modification as of the time the modification would have been necessary as determined by the~~  
22 ~~public utilities commission. Any system modifications benefiting other customers shall be included~~  
23 ~~in rates as determined by the public utilities commission.~~

24 ~~(c) If an interconnecting, renewable energy customer is required to pay for system~~  
25 ~~modifications and a subsequent renewable energy or commercial customer relies on those~~  
26 ~~modifications to connect to the distribution system within ten (10) years of the earlier~~  
27 ~~interconnecting, renewable energy customer's payment, the subsequent customer will make a~~  
28 ~~prorated contribution toward the cost of the system modifications that will be credited to the earlier~~  
29 ~~interconnecting, renewable energy customer as determined by the public utilities commission.~~

30 ~~(d) An electric distribution company shall acknowledge to the interconnecting, renewable~~  
31 ~~energy customer receipt of an application to initiate the interconnection process within three (3)~~  
32 ~~business days of receipt. The electric distribution company shall notify the interconnecting,~~  
33 ~~renewable energy customer in writing within ten (10) business days of receipt that the application~~  
34 ~~is or is not complete and, if not, advise what is missing. Any disputes regarding whether and when~~

1 ~~an application to initiate the interconnection process is complete shall be resolved expeditiously at~~  
2 ~~the public utilities commission. The maximum time allowed between the date of the completed~~  
3 ~~application and delivery of an executable interconnection service agreement shall be one hundred~~  
4 ~~seventy five (175) calendar days or two hundred (200) calendar days if a detailed study is required.~~  
5 ~~All electric distribution company system modifications must be completed by the date which is the~~  
6 ~~later of: (1) No longer than two hundred seventy (270) calendar days, or three hundred sixty (360)~~  
7 ~~calendar days if substation work is necessary, from the date of the electric distribution company's~~  
8 ~~receipt of the interconnecting, renewable energy customer's executed interconnection service~~  
9 ~~agreement; or (2) The interconnecting, renewable energy customer's agreed upon extension of the~~  
10 ~~time between the execution of the interconnection service agreement and interconnection as set~~  
11 ~~forth in writing. All deadlines herein are subject to all payments being made in accordance with the~~  
12 ~~distributed generation interconnection tariff on file with the public utilities commission and the~~  
13 ~~interconnection service agreement. These system modification deadlines cannot be extended due~~  
14 ~~to customer delays in providing required information, all of which must be requested and obtained~~  
15 ~~before completion of the impact study. The deadlines for completion of system modifications will~~  
16 ~~be extended only to the extent of events that are clearly not under the control of the electric~~  
17 ~~distribution company, such as extended prohibitive weather, union work stoppage or force majeure,~~  
18 ~~or third party delays, including, without limitation, delays due to ISO-NE requirements not~~  
19 ~~attributable to electric distribution company actions, and that cannot be resolved despite~~  
20 ~~commercially reasonable efforts. The electric distribution company shall notify the customer of the~~  
21 ~~start of any claimed deadline extension as soon as practicable, its cause and when it concludes, all~~  
22 ~~in writing. Any actual damages that a court of competent jurisdiction orders the electric distribution~~  
23 ~~company to pay to an interconnecting, renewable energy customer as a direct result of the electric~~  
24 ~~distribution company's failure to comply with the requirements of this subsection shall be payable~~  
25 ~~by its shareholders and may not be recovered from customers, provided that the total amount of~~  
26 ~~damages awarded for any and all such claims shall not exceed, in the aggregate, an amount equal~~  
27 ~~to the amount of the incentive the electric distribution company would have earned as provided for~~  
28 ~~in §§ 39-26.6-12(j)(3) and 39-26.1-4 in the year in which the system modifications were required~~  
29 ~~to be completed. In no event shall the electric distribution company be liable to the interconnecting,~~  
30 ~~renewable energy customer for any indirect, incidental, special, consequential, or punitive damages~~  
31 ~~of any kind whatsoever as a result of the electric distribution company's failure to comply with this~~  
32 ~~section.~~

33 ~~(e) On or before September 1, 2017, the public utilities commission shall initiate a docket~~  
34 ~~to establish metrics for the electric distribution company's performance in meeting the time frames~~

1 ~~set forth herein and in the distributed generation interconnection standards approved by the public~~  
2 ~~utilities commission. The public utilities commission may include incentives and penalties in the~~  
3 ~~performance metrics.~~

4 ~~(f) The proposed interconnection of any new renewable energy resource that replaces the~~  
5 ~~same existing renewable energy resource of the same or less nameplate capacity that has been in~~  
6 ~~operation in the twelve (12) months preceding notification of the replacement shall be subject to a~~  
7 ~~sixty-day (60) review. The purpose of such sixty-day (60) review is to allow the electric distribution~~  
8 ~~company to determine whether any system modifications are required to support the~~  
9 ~~interconnection of the replacement renewable energy resource. If there is a need for system~~  
10 ~~modifications because of an interconnection policy change implemented by the electric distribution~~  
11 ~~company, then the system modification may be included in rates as determined by the public~~  
12 ~~utilities commission. If there is a need for system modifications only because of a change in the~~  
13 ~~rating or utility disturbance response that adversely affects the impact of the facility on the~~  
14 ~~distribution system, then the interconnecting, renewable energy customer shall be responsible for~~  
15 ~~the cost of the system modifications.~~

16 **39-26.3-5. Liberal construction of chapter required.**

17 This chapter shall be construed liberally in aid of its policy objective.

18 **39-26.3-6. Severability.**

19 ~~If any provision of this chapter or the application thereof to any person or circumstances is~~  
20 ~~held invalid, the invalidity shall not affect other provisions or application of the chapter that can be~~  
21 ~~given effect without the invalid provision or application, and to this end the provisions of this~~  
22 ~~chapter are declared to be severable.~~

23 SECTION 2. Sections 39-1-27, 39-1-27.7 and 39-1-27.7.1 of the General Laws in Chapter  
24 39-1 entitled "Public Utilities Commission" are hereby amended to read as follows:

25 **39-1-27. Electric distribution companies required to file restructuring plans.**

26 (a) Each electric distribution company shall file with the commission a plan for transferring  
27 ownership of generation facilities into a separate affiliate of the electric distribution company. The  
28 transmission facilities owned by the electric distribution company also may be transferred to an  
29 affiliated electric transmission company at a price that shall equal the book value of the  
30 transmission facilities on the electric distribution company's accounts net of depreciation and  
31 deferred taxes as the date of transfer, but such a transfer is not required. The generation plant,  
32 equipment, and facilities owned by an electric distribution company shall be transferred to an  
33 affiliate that is a nonregulated power producer at a price that shall equal the book value of the  
34 generation plant, equipment, and facilities on the electric distribution company's accounts net of

1 depreciation and deferred taxes as of the date of the transfer. Consistent with the schedule for  
2 implementing retail access in § 39-1-27.3, each electric transmission company shall file tariffs with  
3 the Federal Energy Regulatory Commission (FERC) and electric-distribution companies shall file  
4 tariffs with the commission. The tariffs will provide the terms, conditions, and rates for  
5 nondiscriminatory access to transmission ~~and distribution~~ facilities to wholesale and retail  
6 customers and to nonregulated power producers. The tariffs shall: (1) Conform to the standards,  
7 policies, and requirements of the Federal Energy Regulatory Commission or the commission as  
8 appropriate with respect to nondiscriminatory access to transmission ~~and distribution~~ services; (2)  
9 Fulfill such standards with respect to both transmission ~~and distribution~~ services for the benefit of  
10 both wholesale and retail customers and their suppliers; and (3) Provide retail access in accordance  
11 with the schedule set forth in § 39-1-27.3. For purposes of this section, "nondiscriminatory access"  
12 means access to transmission ~~and distribution~~ services on rates, terms, and conditions found to be  
13 reasonable by the FERC or the commission as appropriate and applied consistently to all customers  
14 in a rate class regardless of their supplier. ~~When establishing terms and conditions for distribution~~  
15 ~~service, the commission shall implement standards, policies, and requirements consistent with~~  
16 ~~those established by the Federal Energy Regulatory Commission for transmission service unless it~~  
17 ~~determines that alternative terms and conditions are in the public interest.~~

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

1 (c) The electric distribution company shall implement the corporate reorganizations and  
2 property transfers specified in such restructuring plan; terminate its all-requirements contract with  
3 its wholesale power supplier on the terms set forth in § 39-1-27.4; and provide retail access for all  
4 customers in Rhode Island with a standard offer, as set forth in § 39-1-27.3, no later than three (3)  
5 months after retail access is available to forty percent (40%) or more of the kilowatt-hour sales in  
6 New England. The commission may extend this time if it determines that additional time is  
7 necessary to implement the transactions on reasonable terms and in accordance with a reasonable  
8 schedule; provided, however, that nothing in this section shall be construed to limit the effect of §  
9 39-1-27.3 or permit the commission to unduly discriminate in providing retail access among or  
10 within rate classes.

11 (d) Following the complete implementation of the restructuring plans, electric distribution  
12 companies shall be prohibited from selling electricity at retail and from owning, operating, or  
13 controlling generating facilities, although such facilities may be owned by affiliates of electric  
14 distribution companies. For purposes of this subsection, providing the standard-offer service and  
15 last-resort power supply in accordance with subsections (d) and (f) of § 39-1-27.3 shall not be  
16 construed as selling electricity at retail.

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

34 (f) Although reducing air emissions from power plants is a goal of electricity industry

1 restructuring, power plants in Rhode Island already have low emissions relative to their  
2 counterparts in other states. For this reason, it is unnecessary for the restructuring plans required  
3 by this section to address in-state air emission reductions. However, to the extent a wholesale power  
4 supplier receiving contract termination fees pursuant to § 39-1-27.4(b)(4) owns and operates as of  
5 December 31, 1995, fossil-fired generation in another state that does not meet air emission  
6 standards applicable as of that date to new electric-generating facilities in that state, the wholesale  
7 power suppliers shall cooperate with the appropriate environmental officials in the state or states  
8 where the generating facilities are located to develop a plan for reducing the emissions of nitrogen  
9 oxides, sulfur dioxide, and particulate matter from the plants on an overall basis through  
10 retirements, replacements, controls, or offsets, or any combination of the above, toward the air  
11 emissions standards applicable to new electric-generating facilities in effect in the state or states  
12 where the plants are located as of January 1, 1996. The plans shall be implemented in connection  
13 with electric-industry restructuring in the state or states where the generating facilities are located.

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

1 respect to sales within the service territory of the electric distribution company, if it determines that  
2 the exemptions are in the public interest.

3 (h) With the exception of the requirements of the standard offer set forth in § 39-1-27.3(e)  
4 and (f) and retail electric licensing commission plan requirements pursuant to § 39-1-27.1, nothing  
5 in this section shall be construed or interpreted to constrain the application of antitrust laws to  
6 nonregulated power producers, whether affiliated or not with an electric distribution company.

7 (i) To improve and ensure the implementation of unobstructed retail access to the electric  
8 distribution system, as addressed in §§ 39-1-27.3 and 46-12.2-4.1(b), the Rhode Island  
9 infrastructure bank shall file tariffs with the commission. The tariffs will provide the terms,  
10 conditions, and rates for nondiscriminatory access to distribution facilities to wholesale and retail  
11 customers and to nonregulated power producers. The tariffs shall:

12 (1) Conform to the standards, policies, and requirements of the Federal Energy Regulatory  
13 Commission or the commission, as appropriate with respect to nondiscriminatory access to  
14 distribution services;

15 (2) Fulfill such standards with respect to distribution services for the benefit of both  
16 wholesale and retail customers and their suppliers;

17 (3) Provide and facilitate retail access needed to meet the plan and objectives of § 46-12.2-  
18 4.1(b);

19 (4) Be proposed to the commission for approval no later than October 1, 2021; and

20 (5) Be approved by the commission no later than December 1, 2021. For purposes of this  
21 section, "nondiscriminatory access" means access distribution services on rates, terms, and  
22 conditions found to be reasonable by the commission as appropriate and applied consistently to all  
23 customers in a rate class, regardless of their supplier. When establishing terms and conditions for  
24 distribution service, the commission shall implement standards, policies, and requirements,  
25 consistent with those established by the commission, unless it determines that alternative terms and  
26 conditions are in the public interest.

27 (j) The commission shall ensure that the electric distribution companies give the Rhode  
28 Island infrastructure bank full and unobstructed access to any and all information about the electric  
29 distribution system that it must have to fulfill its duties under § 46-12.2-4.1(b).

30 (k) The Rhode Island infrastructure bank shall propose to the commission its budget for  
31 the planning and administration of the interconnection of renewable energy to the electric  
32 distribution system no later than October 1, 2021. The commission shall reappropriate any budget  
33 dedicated to the electric distribution companies for the planning and administration of  
34 interconnection of renewable energy to the distribution system to the Rhode Island infrastructure

1 [bank, to fulfill its duties under § 46-12.2-4.1\(b\) no later than December 1, 2021.](#)

2 **39-1-27.7. System reliability and least-cost procurement.**

3 (a) Least-cost procurement shall comprise system reliability and energy efficiency and  
4 conservation procurement, as provided for in this section, and supply procurement, as provided for  
5 in § 39-1-27.8, as complementary but distinct activities that have as common purpose meeting  
6 electrical and natural gas energy needs in Rhode Island, in a manner that is optimally cost-effective,  
7 reliable, prudent, and environmentally responsible.

8 (b) The commission shall establish not later than June 1, 2008, standards for system  
9 reliability and energy efficiency and conservation procurement that shall include standards and  
10 guidelines for:

11 (1) System reliability procurement, including but not limited to:

12 (i) Procurement of energy supply from diverse sources, including, but not limited to,  
13 renewable energy resources as defined in chapter 26 of this title;

14 (ii) Distributed generation, including, but not limited to, renewable energy resources and  
15 thermally leading combined heat and power systems, that is reliable and is cost-effective, with  
16 measurable, net system benefits;

17 (iii) Demand response, including, but not limited to, distributed generation, back-up  
18 generation, and on-demand usage reduction, that shall be designed to facilitate electric customer  
19 participation in regional demand response programs, including those administered by the  
20 independent service operator of New England ("ISO-NE"), and/or are designed to provide local  
21 system reliability benefits through load control or using on-site generating capability;

22 (iv) To effectuate the purposes of this division, the commission may establish standards  
23 and/or rates (A) For qualifying distributed generation, demand response, and renewable energy  
24 resources; (B) For net metering; (C) For back-up power and/or standby rates that reasonably  
25 facilitate the development of distributed generation; and (D) For such other matters as the  
26 commission may find necessary or appropriate.

27 (2) Least-cost procurement, which shall include procurement of energy efficiency and  
28 energy conservation measures that are prudent and reliable and when such measures are lower cost  
29 than acquisition of additional supply, including supply for periods of high demand.

30 (c) The standards and guidelines provided for by subsection (b) shall be subject to periodic  
31 review and as appropriate amendment by the commission, which review will be conducted not less  
32 frequently than every three (3) years after the adoption of the standards and guidelines.

33 (d) To implement the provisions of this section:

34 (1) The commissioner of the office of energy resources and the energy efficiency and

1 resources management council, either jointly or separately, shall provide the commission findings  
2 and recommendations with regard to system reliability and energy efficiency and conservation  
3 procurement on or before March 1, 2008, and triennially on or before March 1, thereafter through  
4 March 1, 2024. The report shall be made public and be posted electronically on the website of the  
5 office of energy resources.

6 (2) The commission shall issue standards not later than June 1, 2008, with regard to plans  
7 for system reliability and energy efficiency and conservation procurement, which standards may  
8 be amended or revised by the commission as necessary and/or appropriate.

9 (3) The energy efficiency and resources management council shall prepare by July 15,  
10 2008, a reliability and efficiency procurement opportunity report that shall identify opportunities  
11 to procure efficiency, distributed generation, demand response, and renewables and that shall be  
12 submitted to the electrical distribution company, the commission, the office of energy resources,  
13 and the joint committee on energy.

14 (4) Each electrical and natural gas distribution company shall submit to the commission on  
15 or before September 1, 2008, and triennially on or before September 1 thereafter through September  
16 1, 2024, a plan for system reliability and energy efficiency and conservation procurement. In  
17 developing the plan, the distribution company may seek the advice of the commissioner and the  
18 council [and must seek the advice of the Rhode Island infrastructure bank, according to its duties](#)  
19 [under this section and § 46-12.2-4.1\(b\)](#). The plan shall include measurable goals and target  
20 percentages for each energy resource, pursuant to standards established by the commission,  
21 including efficiency, distributed generation, demand response, combined heat and power, and  
22 renewables. The plan shall be made public and be posted electronically on the website of the office  
23 of energy resources, and shall also be submitted to the general assembly.

24 (5) The commission shall issue an order approving all energy-efficiency measures [and](#)  
25 [distribution system modification measures that enable and enhance access to the distribution system](#)  
26 [for renewable energy facilities](#) that are cost-effective and lower cost than acquisition of additional  
27 supply [or investment in additional distribution or transmission infrastructure](#), with regard to the  
28 plan from the electrical and natural gas distribution company, and reviewed and approved by the  
29 energy efficiency and resources management council, and any related annual plans, and shall  
30 approve a fully reconciling funding mechanism to fund investments in all efficiency measures [and](#)  
31 [distribution system modification measures](#) that are cost-effective and lower cost than acquisition  
32 of additional supply [or investment in additional distribution or transmission infrastructure](#), not  
33 greater than sixty (60) days after it is filed with the commission.

34 (6)(i) Each electrical and natural gas distribution company shall provide a status report,

1 which shall be public, on the implementation of least-cost procurement on or before December 15,  
2 2008, and on or before February 1, 2009, to the commission, the division, the commissioner of the  
3 office of energy resources, and the energy efficiency and resources management council which  
4 may provide the distribution company recommendations with regard to effective implementation  
5 of least-cost procurement. The report shall include the targets for each energy resource included in  
6 the order approving the plan and the achieved percentage for energy resource, including the  
7 achieved percentages for efficiency, distributed generation, demand response, combined heat and  
8 power, and renewables, as well as the current funding allocations for each eligible energy resource  
9 and the businesses and vendors in Rhode Island participating in the programs. The report shall be  
10 posted electronically on the website of the office of energy resources.

11 (ii) Beginning on November 1, 2012, or before, each electric distribution company shall  
12 support the installation and investment in clean and efficient combined heat and power installations  
13 at commercial, institutional, municipal, and industrial facilities. This support shall be documented  
14 annually in the electric distribution company's energy-efficiency program plans. In order to  
15 effectuate this provision, the energy efficiency and resource management council shall seek input  
16 from the public, the gas and electric distribution company, the commerce corporation, and  
17 commercial and industrial users, and make recommendations regarding services to support the  
18 development of combined heat and power installations in the electric distribution company's annual  
19 and triennial energy-efficiency program plans.

20 (iii) The energy-efficiency annual plan shall include, but not be limited to, a plan for  
21 identifying and recruiting qualified combined heat and power projects, incentive levels, contract  
22 terms and guidelines, and achievable megawatt targets for investments in combined heat and power  
23 systems. In the development of the plan, the energy efficiency and resource management council  
24 and the electric distribution company shall factor into the combined heat and power plan and  
25 program, the following criteria: (A) Economic development benefits in Rhode Island, including  
26 direct and indirect job creation and retention from investments in combined heat and power  
27 systems; (B) Energy and cost savings for customers; (C) Energy supply costs; (D) Greenhouse gas  
28 emissions standards and air quality benefits; and (E) System reliability benefits.

29 (iv) The energy efficiency and resource management council shall conduct at least one  
30 public review meeting annually, to discuss and review the combined heat and power program, with  
31 at least seven (7) business days' notice, prior to the electric and gas distribution utility submitting  
32 the plan to the commission. The commission shall evaluate the submitted combined heat and power  
33 program as part of the annual energy-efficiency plan. The commission shall issue an order  
34 approving the energy-efficiency plan and programs within sixty (60) days of the filing.

1 (e) If the commission shall determine that the implementation of system reliability and  
2 energy efficiency and conservation procurement has caused, or is likely to cause, under or over-  
3 recovery of overhead and fixed costs of the company implementing the procurement, the  
4 commission may establish a mandatory rate-adjustment clause for the company so affected in order  
5 to provide for full recovery of reasonable and prudent overhead and fixed costs.

6 (f) The commission shall conduct a contested case proceeding to establish a performance-  
7 based incentive plan that allows for additional compensation for each electric distribution company  
8 and each company providing gas to end-users and/or retail customers based on the level of its  
9 success in mitigating the cost and variability of electric and gas services through procurement  
10 portfolios.

11 (g)(1) The office of energy resources shall conduct a study and analysis of the electric and  
12 gas distribution company's state energy efficiency programs that will examine implemented  
13 program and planned conservation measures and review and confirm the claimed energy savings.  
14 In carrying out this study, the office shall utilize a representative sample of different customer  
15 classes and measures that have and/or will be participating in the state energy efficiency programs.  
16 At a minimum, the study performed by the office of energy resources shall include the following  
17 in its scope of work:

18 (i) Independently review and summarize the electric and gas distribution company process  
19 for incorporating results from completed evaluation studies into ongoing energy efficiency program  
20 reporting and implementation.

21 (ii) Conduct an independent review of gas and electricity efficiency programs, which may  
22 include billing analysis techniques. The scope and subjects of this analysis will be decided by the  
23 working group with input and advice from an independent consultant. The analysis will be  
24 conducted by a qualified independent consultant using industry accepted methods.

25 (iii) Review the data-collection practices, including metering equipment used; sampling  
26 frequency; sample sizes; and data validation procedures, and the methods for data analysis  
27 employed, as deemed appropriate by the independent evaluator.

28 (iv) Study results and recommendations will be presented to the public utilities commission  
29 and the energy efficiency and resource management council.

30 (2) The office of energy resources shall consult with the working group in development of  
31 the request for proposals (RFP), and during the course of the study, including the preliminary study  
32 results. The working group shall be comprised of one representative from each of the following  
33 groups chosen by the office of energy resources:

34 (i) Large commercial and industrial energy users;

- 1 (ii) Small business energy users;
- 2 (iii) Residential energy users;
- 3 (iv) Municipal and state energy users;
- 4 (v) Low-income energy users;
- 5 (vi) Electric and gas distribution company; and
- 6 (vii) Energy efficiency and resource management council.

7 (3) The office of energy resources, in consultation with the electric and gas distribution  
8 company and representatives referenced in subsection (g)(2), shall be authorized to hire an energy  
9 consulting company or firm to carry out the energy efficiency verification study. The costs  
10 associated with this study, including, but not limited to, those associated with the consultant or firm  
11 contract and reasonable administrative costs incurred by the office in the execution of subsection  
12 (g) of this section, shall be recoverable through the system benefit charge subject to commission  
13 approval. Funding shall be transferred from the electric and gas distribution utility to the office of  
14 energy resources upon request by the office.

15 (4) The office of energy resources shall submit this report on or before October 30, 2019,  
16 to the governor, the president of the senate, and the speaker of the house. The office and its selected  
17 energy consulting company or firm shall host two (2) public presentations on the preliminary and  
18 final results of the study.

19 **39-1-27.7.1. Revenue decoupling.**

20 (a) The general assembly finds and declares that electricity and gas revenues shall be fully  
21 decoupled from sales pursuant to the provisions of this chapter and further finds and declares that  
22 any decoupling proposal submitted by an electric distribution company as defined in § 39-1-  
23 2(a)(12) or gas distribution company included as a public utility in § 39-1-2(a)(20) that has greater  
24 than one hundred thousand (100,000) customers, shall be for the following purposes:

25 (1) Increasing efficiency in the operations and management of the electric and gas  
26 distribution system;

27 (2) Achieving the goals established in the electric distribution company's plan for system  
28 reliability and energy efficiency and conservation procurement as required pursuant to § 39-1-  
29 27.7(d);

30 (3) Increasing investment in least-cost resources that will reduce long-term electricity  
31 demand;

32 (4) Reducing risks for both customers and the distribution company including, but not  
33 limited to, societal risks, weather risks, and economic risks;

34 (5) Increasing investment in end-use energy efficiency;

- 1 (6) Eliminating disincentives to support energy-efficiency programs;
- 2 (7) Facilitating and encouraging investment in utility infrastructure, safety, and reliability;
- 3 and
- 4 (8) Considering the reduction of fixed, recurring customer charges and transition to
- 5 increased unit charges that more accurately reflect the long-term costs of energy production and
- 6 delivery.
- 7 (b) Each electric distribution company as defined by § 39-1-2(a)(12) and gas distribution
- 8 company included as a public utility in § 39-1-2(a)(20) having greater than one hundred thousand
- 9 (100,000) customers shall file proposals at the commission to implement the policy set forth in
- 10 subsection (a) of this section. The commission shall approve these proposals, provided they contain
- 11 the features and components set forth in subsection (c) of this section, and that they are consistent
- 12 with the intent and objectives contained in subsection (a) of this section. Actions taken by the
- 13 commission in the exercise of its ratemaking authority for electric and gas rate cases shall be within
- 14 the norm of industry standards and recognize the need to maintain the financial health of the
- 15 distribution company as a stand-alone entity in Rhode Island.
- 16 (c) The proposals shall contain the following features and components:
- 17 (1) A revenue decoupling reconciliation mechanism that reconciles annually the revenue
- 18 requirement allowed in the company's base distribution-rate case to revenues actually received for
- 19 the applicable twelve-month (12) period; provided that the mechanism for gas distribution shall be
- 20 determined on a revenue-per-customer basis, in a manner typically employed for gas distribution
- 21 companies in the industry. Any revenues over-recovered or under-recovered shall be credited to,
- 22 or recovered from, customers, as applicable; and
- 23 (2) An annual infrastructure, safety, and reliability spending plan for each fiscal year and
- 24 an annual rate-reconciliation mechanism that includes a reconcilable allowance for the anticipated
- 25 capital investments and other spending pursuant to the annual pre-approved budget as developed
- 26 in accordance with subsection (d) of this section.
- 27 (d) Prior to the beginning of each fiscal year, gas and electric distribution companies shall
- 28 consult with the division of public utilities and carriers [and the Rhode Island infrastructure bank,](#)
- 29 regarding their infrastructure, safety, and reliability spending plan for the following fiscal year,
- 30 addressing the following categories:
- 31 (1) Capital spending on utility infrastructure;
- 32 (2) For electric distribution companies, operation and maintenance expenses on vegetation
- 33 management;
- 34 (3) For electric distribution companies, operation and maintenance expenses on system

1 inspection, including expenses from expected resulting repairs; and

2 (4) Any other costs relating to maintaining safety and reliability that are mutually agreed  
3 upon by the division and the company.

4 The distribution company shall submit a plan to the division [and the Rhode Island](#)  
5 [infrastructure bank](#) and the division [and the Rhode Island infrastructure bank](#) shall cooperate in  
6 good faith to reach an agreement on a proposed plan for these categories of costs for the prospective  
7 fiscal year within sixty (60) days. To the extent that the company and the division mutually agree  
8 on a plan, such plan shall be filed with the commission for review and approval within ninety (90)  
9 days. If the company and the division cannot agree on a plan, the company shall file a proposed  
10 plan with the commission and the commission shall review and, if the investments and spending  
11 are found to be reasonably needed to maintain safe and reliable distribution service over the short  
12 and long term, approve the plan within ninety (90) days.

13 (e) The commission shall have the following duties and powers, in addition to its existing  
14 authorities established in this title:

15 (1) To maintain reasonable and adequate service-quality standards, after decoupling, that  
16 are in effect at the time of the proposal and were established pursuant to § 39-3-7.

17 (2) The commission may exclude the low-income rate class from the revenue decoupling  
18 reconciliation-rate mechanism for either electric or gas distribution. The commission also may  
19 exclude customers in the large commercial and industrial rate class from the gas-distribution  
20 mechanism.

21 (3) The commission may adopt performance incentives for the electric distribution  
22 company that provide a shared-savings mechanism whereby the company would receive a  
23 percentage of savings realized as a result of achieving the purposes of this section while the  
24 remaining savings are credited to customers.

25 (4) The commission shall review and approve, with any necessary amendments,  
26 performance-based, energy-savings targets developed and submitted by the Rhode Island energy  
27 efficiency and resources management council. The performance-based targets shall also be used as  
28 a consideration in any shared-savings mechanism established by the commission pursuant to  
29 subsection (e)(3) of this section.

30 (f) The Rhode Island energy efficiency and resources management council shall propose  
31 performance-based, energy-savings targets to the commission no later than September 1, 2010. The  
32 targets shall include, but not be limited to, specific energy kilowatt-hour savings overall and peak-  
33 demand savings for both summer and winter peak periods expressed in total megawatts as well as  
34 appropriate targets recommended in the opportunities report filed with the commission pursuant to

1 § 39-1-27.7(d)(3). The council shall revise, as necessary, these targets on an annual basis prior to  
2 the reconciliation process established pursuant to subsection (c) of this section and submit its  
3 revisions to the commission for approval.

4 (g) Reporting. Every electric distribution company, as defined in subsection (a) of this  
5 section, shall report to the governor, general assembly, division of public utilities and carriers, and  
6 public utilities commission on or before September 1, 2012. The report shall include, but not be  
7 limited to, the following elements:

8 (1) A comparison of revenues from traditional rate regulation and how the revenues have  
9 differed as part of an approved decoupling structure;

10 (2) A summary of how the company is achieving the performance-based targets that may  
11 have been adopted pursuant to subsection (e)(4) of this section;

12 (3) A summary of any shared savings the company may have received pursuant to the  
13 performance incentives authorized in subsection (e)(3) of this section;

14 (4) A summary of how the company is achieving the service-quality standards required in  
15 subsection (e)(1) of this section;

16 (5) An overview of how decoupling is impacting revenue stabilization goals that have  
17 resulted from decoupling; and

18 (6) A summary of any customer education programs provided.

19 SECTION 3. Sections 39-26-6 and 39-26-8 of the General Laws in Chapter 39-26 entitled  
20 "Renewable Energy Standard" are hereby amended to read as follows:

21 **39-26-6. Duties of the commission.**

22 (a) The commission shall:

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

25 (i) Verifying the eligibility of renewable energy generators and the production of energy  
26 from such generators, including requirements to notify the commission in the event of a change in  
27 a generator's eligibility status.

28 (ii) Standards for contracts and procurement plans for renewable energy resources to  
29 achieve the purposes of this chapter.

30 (iii) Flexibility mechanisms for the purposes of easing compliance burdens; facilitating  
31 bringing new renewable resources on-line; and avoiding and/or mitigating conflicts with state-level  
32 source disclosure requirements and green marketing claims throughout the region; which flexibility  
33 mechanisms shall allow obligated entities to: (A) Demonstrate compliance over a compliance year;  
34 (B) Bank excess compliance for two (2) subsequent compliance years, capped at thirty percent

1 (30%) of the current year's obligation; and (C) Allow renewable energy generated during 2006 to  
2 be banked by an obligated entity as early compliance, usable towards meeting an obligated entity's  
3 2007 requirement. Generation used for early compliance must result in the retirement of NE-GIS  
4 certificates in a reserved certificate account designated for such purposes.

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

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

14 (3) Certify eligible renewable energy resources by issuing statements of qualification  
15 within ninety (90) days of application. The commission shall provide prospective reviews for  
16 applicants seeking to determine whether a facility would be eligible.

17 (4) Determine, on or before January 1, 2019, and every fifth year thereafter, the adequacy  
18 of renewable energy supplies to meet the increase in the percentage requirement of energy from  
19 renewable energy resources to go into effect the following year. In the event that the commission  
20 determines an inadequacy of supplies for scheduled percentage increases, the commission shall  
21 delay all or a part of the implementation of the scheduled percentage increase, until such time that  
22 the commission determines that the supplies are adequate to achieve the purposes of this chapter.

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

32 (6) Report, by February 15, 2006, and by February 15 each year thereafter, to the governor,  
33 the speaker of the house, and the president of the senate on the status of the implementation of the  
34 renewable energy standards in Rhode Island and other states, and which report shall include in

1 2009, and each year thereafter, the level of use of renewable energy certificates by eligible  
2 renewable energy resources and the portion of renewable energy standards met through alternative  
3 compliance payments, and the amount of rate increases authorized pursuant to subsection (a)(2).

4 (b) Consistent with the public policy objective of developing renewable generation as an  
5 option in Rhode Island, and subject to the review and approval of the commission, the electric  
6 distribution company is authorized to propose and implement pilot programs to own and operate  
7 no more than fifteen megawatts (15 MW) of renewable-generation demonstration projects in Rhode  
8 Island and may include the costs and benefits in rates to distribution customers. At least two (2)  
9 demonstration projects shall include renewable generation installed at, or in the vicinity of  
10 nonprofit, affordable-housing projects where energy savings benefits are provided to reduce  
11 electric bills of the customers at the nonprofit, affordable-housing projects. Any renewable-  
12 generation proposals shall be subject to the review and approval of the commission. The  
13 commission shall annually make an adjustment to the minimum amounts required under the  
14 renewable energy standard under this chapter in an amount equal to the kilowatt hours generated  
15 by such units owned by the electric distribution company. The electric and gas distribution  
16 company [or the Rhode Island infrastructure bank, under its authority, pursuant to §§ 39-1-27 and](#)  
17 [46-12.2-4.1\(b\)](#) shall also be authorized to propose and implement smart-metering and smart-grid  
18 demonstration projects in Rhode Island, subject to the review and approval of the commission, in  
19 order to determine the effectiveness of such new technologies for reducing and managing energy  
20 consumption, and may include the costs of such demonstration projects in distribution rates to  
21 electric customers to the extent the project pertains to electricity usage and in distribution rates to  
22 gas customers to the extent the project pertains to gas usage.

23 **39-26-8. Interaction with other policies.**

24 (a) Rhode Island has established a system-benefits charge (SBC), a portion of which is  
25 dedicated to supporting renewable energy, administered in accordance with the provisions of § 39-  
26 2-1.2(b) and (c); other states have similar policies. The office of energy resources is hereby directed  
27 to collaborate with the division of public utilities and carriers, the trustees of the renewable energy  
28 development fund, the distribution company, [the Rhode Island infrastructure bank, and](#) with other  
29 interests and parties, as appropriate, in maximizing the combined impact and efficiency of the  
30 renewable energy program established by § 39-2-1.2(b) and (c) and the renewable energy standard.

31 (b) It is the intent of this chapter that generation attributes and NE-GIS certificates applied  
32 towards Rhode Island renewable energy standard compliance may not be used towards compliance  
33 with state renewable energy obligations relating to an obligated entity's load in other states.

34 SECTION 4. Section 46-12.2-4.1 of the General Laws in Chapter 46-12.2 entitled "Rhode

1 Island Infrastructure Bank" is hereby amended to read as follows:

2 ~~46-12.2-4.1. Power to participate in projects to enhance the waters of the state~~ **Power**  
3 **to participate in projects to enhance the waters, air and energy infrastructure of the state.**

4 (a) The agency shall have the power to exercise the powers set forth in § 46-12.2-4 to  
5 participate in the following projects and classes of projects that enhance the waters of the state:  
6 projects for dewatering dredged material, for beneficial use and disposal of dredged material at  
7 sites above mean high water and for confined aquatic disposal of dredged materials, provided that  
8 the project has been approved by the coastal resources management council and the department as  
9 provided for in chapter 6.1 of this title, and further provided that the project is supported either by  
10 a fund established for the purposes of supporting such projects or is supported from project  
11 revenues. The agency shall cooperate with the coastal resources management council and the  
12 department in preparing a proposal for establishing a fund to support projects for dewatering  
13 dredged material, for beneficial use and disposal of dredged material at sites above mean high water  
14 and for confined aquatic disposal of dredged materials.

15 (b) The agency is authorized to exercise the powers set forth in § 39-1-27 to participate in  
16 the following projects and classes of projects that enhance the air of the state, by facilitating access  
17 to the distribution system:

18 (1) Development of a plan to most cost effectively and efficiently interconnect to the  
19 electric distribution system all renewable energy, needed to serve all of Rhode Island's energy and  
20 climate goals, policies and plans;

21 (2) Oversee and administer the interconnection of renewable energy resources to the  
22 electric distribution system; and

23 (3) Report to the commission and the general assembly on the implementation of its plan  
24 for the interconnection of renewable energy, no later than December 1, 2022 and biannually  
25 thereafter, including consideration of at least the following criteria:

26 (i) Economic development benefits to Rhode Island, including direct and indirect job  
27 creation and retention from investments in combined heat and power systems;

28 (ii) Energy and cost savings for customers;

29 (iii) Energy supply costs;

30 (iv) Greenhouse gas emissions standards and air quality benefits; and

31 (v) System reliability benefits.

32 The agency shall cooperate with the commission in establishing a budget to fulfill these  
33 duties and to ensure the proper funding of that budget, as addressed in §§ 39-1-27 and 39-1-27.7.

1 SECTION 5. 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 -- OFFICE OF ENERGY  
RESOURCES INTERCONNECTION STANDARDS

\*\*\*

1           This act would repeal the distribution generator interconnection chapter. It would also  
2 improve the nondiscriminatory and retail access to the electric distribution system. It would transfer  
3 from the electric distribution companies to the Infrastructure Bank, the planning and administration  
4 of the interconnection of renewable energy to the electric distribution system.

5           This act would take effect upon passage.

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