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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2011

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS -- RENEWABLE ENERGY
STANDARD

Introduced By: Representatives Carnevale, Blazejewski, Tanzi, Edwards, and Trillo

Date Introduced: March 17, 2011

Referred To: House Environment and Natural Resources

It is enacted by the General Assembly as follows:

1 SECTION 1. Sections 39-26-2, 39-26-3, 39-26-5 and 39-26-6 of the General Laws in
2 Chapter 39-26 entitled "Renewable Energy Standard" are hereby amended to read as follows:

3 **39-26-2. Definitions.** – When used in this chapter:

4 (1) "Alternative compliance payment" means a payment to the Renewable Energy
5 Development Fund of fifty dollars (\$50.00) per megawatt-hour of renewable energy obligation, in
6 2003 dollars, adjusted annually up or down by the consumer price index, which may be made in
7 lieu of standard means of compliance with this statute;

8 (2) "Commission" means the Rhode Island public utilities commission;

9 (3) "Compliance year" means a calendar year beginning January 1 and ending December
10 31, for which an obligated entity must demonstrate that it has met the requirements of this statute;

11 (4) "Customer-sited generation facility" means a generation unit that is interconnected on
12 the end-use customer's side of the retail electricity meter in such a manner that it displaces all or
13 part of the metered consumption of the end-use customer;

14 ~~(5) "Educational institution" means any public school, approved private non-profit~~
15 ~~school, or institution of higher education as defined in 20 U.S.C. Chapter 28, Subchapter 1, Part~~
16 ~~A section 1001 (a).~~

17 ~~(6)~~(5) "Electrical energy product" means an electrical energy offering, including, but not
18 limited to, last resort and standard offer service, that can be distinguished by its generation

1 attributes or other characteristics, and that is offered for sale by an obligated entity to end-use
2 customers;

3 ~~(7)~~(6) "Eligible biomass fuel" means fuel sources including brush, stumps, lumber ends
4 and trimmings, wood pallets, bark, wood chips, shavings, slash and other clean wood that is not
5 mixed with other solid wastes; agricultural waste, food and vegetative material; energy crops;
6 landfill methane; biogas; or neat bio-diesel and other neat liquid fuels that are derived from such
7 fuel sources;

8 ~~(8)~~(7) "Eligible renewable energy resource" means resources as defined in section 39-26-
9 5;

10 ~~(9)~~(8) "End-use customer" means a person or entity in Rhode Island that purchases
11 electrical energy at retail from an obligated entity;

12 ~~(10)~~(9) "Existing renewable energy resources" means generation units using eligible
13 renewable energy resources and first going into commercial operation before December 31, 1997;

14 ~~(11) "Farm" shall be defined in accordance with section 44-27-2, except that all buildings~~
15 ~~associated with the farm shall be eligible for net metering credits as long as: (i) the buildings are~~
16 ~~owned by the same entity operating the farm or persons associated with operating the farm; and~~
17 ~~(ii) the buildings are on the same farmland as the renewable generation on either a tract of land~~
18 ~~contiguous with such farmland or across a public way from such farmland.~~

19 ~~(12)~~(10) "Generation attributes" means the nonprice characteristics of the electrical
20 energy output of a generation unit including, but not limited to, the unit's fuel type, emissions,
21 vintage and policy eligibility;

22 ~~(13)~~(11) "Generation unit" means a facility that converts a fuel or an energy resource into
23 electrical energy;

24 ~~(14)~~(12) "NE-GIS" means the generation information system operated by NEPOOL, its
25 designee or successor entity, which includes a generation information database and certificate
26 system, and that accounts for the generation attributes of electrical energy consumed within
27 NEPOOL;

28 ~~(15)~~(13) "NE-GIS certificate" means an electronic record produced by the NE-GIS that
29 identifies the relevant generation attributes of each megawatt-hour accounted for in the NE-GIS;

30 ~~(16)~~(14) "NEPOOL" means the New England Power Pool or its successor;

31 ~~(17) "Net metering" means the process of measuring the difference between electricity~~
32 ~~delivered by an electrical distribution company and electricity generated by a solar net metering~~
33 ~~facility or wind net metering facility and fed back to the distribution company;~~

34 ~~(18)~~(15) "New renewable energy resources" means generation units using eligible

1 renewable energy resources and first going into commercial operation after December 31, 1997;
2 or the incremental output of generation units using eligible renewable energy resources that have
3 demonstrably increased generation in excess of ten percent (10%) using eligible renewable
4 energy resources through capital investments made after December 31, 1997; but in no case
5 involve any new impoundment or diversion of water with an average salinity of twenty (20) parts
6 per thousand or less;

7 ~~(19) "Non-profit affordable housing" shall mean a housing development or housing~~
8 ~~project as defined by section 42-55-3 undertaken by a non-profit entity where the residential units~~
9 ~~taking electric service are either in the same building in close proximity to the renewable energy~~
10 ~~source or, if not within the same building, are within one half (1/2) of a mile radius from the~~
11 ~~renewable energy source; provided, however, that the application has been filed with and~~
12 ~~reviewed by the division of public utilities and carriers and the division has certified the~~
13 ~~development or project as eligible. The division shall promulgate regulations setting forth an~~
14 ~~application process and eligibility criteria to assure that the net metering allowed will benefit the~~
15 ~~low income affordable housing residents only. The renewable generation credit applicable for~~
16 ~~nonprofit affordable housing shall be calculated based on the rate class applicable to residential~~
17 ~~units.~~

18 ~~(20)~~(16) "Obligated entity" means a person or entity that sells electrical energy to end-use
19 customers in Rhode Island, including, but not limited to: nonregulated power producers and
20 electric utility distribution companies, as defined in section 39-1-2, supplying standard offer
21 service, last resort service, or any successor service to end-use customers; including Narragansett
22 Electric, but not to include Block Island Power Company as described in section ~~39~~-26-7 or
23 Pascoag Utility District;

24 ~~(21)~~(17) "Off-grid generation facility" means a generation unit that is not connected to a
25 utility transmission or distribution system;

26 ~~(22) "Renewable generation credit" means credit equal to the excess kWhs by the time of~~
27 ~~use billing period (if applicable) multiplied by the sum of the distribution company's:~~

28 ~~(i) standard offer service kWh charge for the rate class applicable to the net metering~~
29 ~~customer;~~

30 ~~(ii) distribution kWh charge;~~

31 ~~(iii) transmission kWh charge; and~~

32 ~~(iv) transition kWh charge. This does not include any charges relating to conservation~~
33 ~~and load management, demand side management, and renewable energy.~~

34 ~~(23)~~(18) "Reserved certificate" means a NE-GIS certificate sold independent of a

1 transaction involving electrical energy, pursuant to Rule 3.4 or a successor rule of the operating
2 rules of the NE-GIS;

3 ~~(24)~~(19) "Reserved certificate account" means a specially designated account established
4 by an obligated entity, pursuant to Rule 3.4 or a successor rule of the operating rules of the NE-
5 GIS, for transfer and retirement of reserved certificated from the NE-GIS;

6 ~~(25)~~(20) "Self-generator" means an end-use customer in Rhode Island that displaces all or
7 part of its retail electricity consumption, as metered by the distribution utility to which it
8 interconnects, through the use of a customer-sited generation facility, the ownership of any such
9 facility shall not be considered an obligated entity as a result of any such ownership arrangement;

10 ~~(26)~~(21) "Small hydro facility" means a facility employing one or more hydroelectric
11 turbine generators and with an aggregate capacity not exceeding thirty (30) megawatts. For
12 purposes of this definition, "facility" shall be defined in a manner consistent with Title 18 of the
13 Code of Federal Regulations, section 92.201 et seq.; provided, however, that the size of the
14 facility is limited to thirty (30) megawatts, rather than eighty (80) megawatts.

15 ~~(27) "Towns and cities" means any Rhode Island town or city with the powers set forth in~~
16 ~~title 45 of the general laws, which may exercise all such powers, including those set forth in~~
17 ~~chapter 45-40.1, in developing, owning, operating or maintaining energy generation units~~
18 ~~utilizing eligible renewable energy resources.~~

19 (22) "Renewable energy resource" means any one or more of the renewable energy
20 resources described in subsection 39-26-5(a) of this chapter.

21 **39-26-3. Purposes.** -- The ~~purpose~~ purposes of this chapter ~~is~~ are to define renewable
22 energy resources and to facilitate the development of new renewable energy resources to supply
23 electricity to customers in Rhode Island with goals of stabilizing long-term energy prices,
24 enhancing environmental quality, and creating jobs in Rhode Island in the renewable energy
25 sector.

26 **39-26-5. ~~Eligible renewable energy resources.~~ Renewable energy resources.** -- (a)
27 ~~For the purposes of the regulations promulgated under this chapter, eligible renewable energy~~
28 ~~resources are generation units in the NEPOOL control area using: Renewable energy resources~~
29 are:

- 30 (1) Direct solar radiation;
- 31 (2) The wind;
- 32 (3) Movement or the latent heat of the ocean;
- 33 (4) The heat of the earth;
- 34 (5) Small hydro facilities;

1 (6) Biomass facilities using eligible biomass fuels and maintaining compliance with
2 current air permits; eligible biomass fuels may be co-fired with fossil fuels, provided that only the
3 renewable energy fraction of production from multi-fuel facilities shall be considered eligible;

4 (7) Fuel cells using the renewable resources referenced above in this section;

5 (8) Waste-to-energy combustion of any sort or manner shall in no instance be considered
6 eligible except for fuels identified in section 39-26-2(6).

7 (b) For the purposes of the regulations promulgated under this chapter, eligible renewable
8 energy resources are generation units in the NEPOOL control area using renewable energy
9 resources as defined in this section.

10 ~~(b)~~(c) A generation unit located in an adjacent control area outside of the NEPOOL may
11 qualify as an eligible renewable energy resource, but the associated generation attributes shall be
12 applied to the renewable energy standard only to the extent that the energy produced by the
13 generation unit is actually delivered into NEPOOL for consumption by New England customers.
14 The delivery of such energy from the generation unit into NEPOOL must be generated by:

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

17 (2) Confirmation from ISO-New England that the renewable energy was actually settled
18 in the NEPOOL system; and

19 (3) Confirmation through the North American Reliability Council tagging system that
20 the import of the energy into NEPOOL actually occurred; or

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

22 ~~(c)~~(d) NE-GIS certificates associated with energy production from off-grid generation
23 and customer-sited generation facilities certified by the commission as eligible renewable energy
24 resources may also be used to demonstrate compliance, provided that the facilities are physically
25 located in Rhode Island.

26 **39-26-6. Duties of the commission.** -- The commission shall:

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

29 (1) Verifying the eligibility of renewable energy generators and the production of energy
30 from such generators, including requirements to notify the commission in the event of a change in
31 a generator's eligibility status.

32 (2) Standards for contracts and procurement plans for renewable energy resources, to
33 achieve the purposes of this chapter.

34 (3) Flexibility mechanisms for the purposes of easing compliance burdens, facilitating

1 bringing new renewable resources on-line, and avoiding and/or mitigating conflicts with state
2 level source disclosure requirements and green marketing claims throughout the region; which
3 flexibility mechanisms shall allow obligated entities to: (i) demonstrate compliance over a
4 compliance year; (ii) bank excess compliance for two (2) subsequent compliance years, capped at
5 thirty percent (30%) of the current year's obligation; and (iii) allow renewable energy generated
6 during 2006 to be banked by an obligated entity as early compliance, usable towards meeting an
7 obligated entity's 2007 requirement. Generation used for early compliance must result in the
8 retirement of NE-GIS certificate in a reserved certificate account designated for such purposes.

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

13 (b) Authorize rate recovery by electric utility distribution companies of all prudent
14 incremental costs arising from the implementation of this chapter, including, without limitation,
15 the purchase of NE-GIS certificates, the payment of alternative compliance payments, required
16 payments to support the NE-GIS, assessments made pursuant to section 39-26-7(c) and the
17 incremental costs of complying with energy source disclosure requirements.

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

21 (d) Determine, on or before January 1, 2010, the adequacy, or potential adequacy, of
22 renewable energy supplies to meet the increase in the percentage requirement of energy from
23 renewable energy resources to go into effect in 2011 and determine on or before January 1, 2014,
24 the adequacy or potential adequacy, of renewable energy supplies to meet the increase in the
25 percentage requirement of energy from renewable energy resources to go into effect in 2015. In
26 making such determinations the commission shall consider among other factors the historical use
27 of alternative compliance payments in Rhode Island and other states in the NEPOOL region. In
28 the event that the commission determines an inadequacy or potential inadequacy of supplies for
29 scheduled percentage increases, the commission shall delay the implementation of the scheduled
30 percentage increase for a period of one year or recommend to the general assembly a revised
31 schedule of percentage increases, if any, to achieve the purposes of this chapter.

32 (e) Establish sanctions for those obligated entities that after investigation have been found
33 to fail to reasonably comply with the commission's regulations. No sanction or penalty shall
34 relieve or diminish an obligated entity from liability for fulfilling any shortfall in its compliance

1 obligation; provided, however, that no sanction shall be imposed if compliance is achieved
2 through alternative compliance payments. The commission may suspend or revoke the
3 certification of generation units, certified in accordance with subsection (c) above, that are found
4 to provide false information, or that fail to notify the commission in the event of a change in
5 eligibility status or otherwise comply with its rules. Financial penalties resulting from sanctions
6 from obligated entities shall not be recoverable in rates.

7 (f) Report, by February 15, 2006, and by February 15 each year thereafter, to the
8 governor, the speaker of the house and the president of the senate on the status of the
9 implementation of the renewable energy standards in Rhode Island and other states, and which
10 report shall include in 2009, and each year thereafter, the level of use of renewable energy
11 certificates by eligible renewable energy resources and the portion of renewable energy standards
12 met through alternative compliance payments, and the amount of rate increases authorized
13 pursuant to subsection (b) above.

14 ~~(g) Implement the following changes regarding distributed generation from renewable
15 energy systems by June 1, 2009.~~

16 ~~(1) Increase the maximum allowable distributed generation capacity for eligible net
17 metered energy systems to 1.65 megawatts (MW); except that for eligible net metered renewable
18 energy systems developed but not owned by cities and towns, located on city or town-owned land,
19 and providing power solely to the city or town that the project is located in, increase said
20 maximum to 2.25 megawatts; and except that for eligible net metered renewable energy systems
21 owned by cities and towns of Rhode Island, the Narragansett Bay Commission and state agencies,
22 increase said maximum to 3.5 megawatts (MW).~~

23 ~~(2) Increase the aggregate amount of net metering to a maximum of two percent (2%) of
24 peak load, provided that at least one megawatt is reserved for projects less than twenty five (25)
25 kW.~~

26 ~~(3) (i) With the exception of those customers described in subsection (ii), if the electricity
27 generated by the renewable generation facility during a billing period exceeds the customer's
28 kilowatt-hour usage during the billing period, the customer shall upon a request of the customer
29 be billed for zero kilowatt-hour usage and the excess renewable generation credits shall be
30 credited to the customer's account for the following billing period. Unless otherwise requested by
31 the customer, the customer shall be compensated monthly by a check from the electric
32 distribution company for the excess renewable generation credits pursuant to the rate specified in
33 subdivision 39-26-2(22).~~

34 ~~(ii) If the electricity generated by the renewable generation facility owned by a Rhode~~

1 ~~Island city or town, educational institution, nonprofit affordable housing, farm, the state or the~~
2 ~~Narragansett Bay Commission, during a billing period exceeds the customer's kilowatt hour~~
3 ~~usage during the billing period, the customer shall be billed for zero kilowatt hour usage, and:~~

4 ~~(A) Upon request of the customer, the excess renewable generation credits shall be~~
5 ~~credited to the customer's account for the following billing period; or~~

6 ~~(B) Upon request of the customer, the excess renewable generation credits shall be~~
7 ~~applied to no more than ten (10) other accounts owned by the customer during the billing period;~~

8 ~~or~~

9 ~~(C) Unless otherwise requested by the customer, the customer shall be compensated~~
10 ~~monthly by a check from the distribution company for the excess renewable generation credits~~
11 ~~pursuant to the rates specified in subdivisions 39-26-2(19) and 39-26-2(22).~~

12 ~~(iii) Nonprofit affordable housing shall use said compensation, pursuant to paragraph (ii),~~
13 ~~to benefit the residents of the housing development.~~

14 ~~(4) If the customer's kilowatt hour usage exceeds the electricity generated by the~~
15 ~~renewable generation facility during the billing period, the customer shall be billed for the net~~
16 ~~kilowatt hour usage at the applicable rate. Any excess credits may be carried forward month to~~
17 ~~month for twelve (12) month periods as established by the commission. At the end of the~~
18 ~~applicable twelve (12) month period, if there are unused excess credits on the net metering~~
19 ~~customer accounts, such credits shall be used to offset recoverable utility costs. Where~~
20 ~~compensation has been provided for excess renewable generation credits, no further charge may~~
21 ~~be made to the customer against said credits.~~

22 ~~(h) Any prudent and reasonable costs incurred by the electric distribution company~~
23 ~~pursuant to achieving compliance with subsection (g) and the annual amount of the distribution~~
24 ~~component of any renewable generation credits provided to net metering customers shall be~~
25 ~~aggregated by the distribution company and billed to all customers on an annual basis through a~~
26 ~~uniform per kilowatt hour surcharge embedded in the distribution component of the rates~~
27 ~~reflected on customer bills.~~

28 ~~(i) Report, by July 1, 2010 to the governor, the speaker of the house and the president of~~
29 ~~the senate on the status of the implementation of subsection (g) and (h), including if said~~
30 ~~provisions are optimally cost effective, reliable, prudent and environmentally responsible.~~

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

1 Rhode Island and may include the costs and benefits in rates to distribution customers. At least
2 two (2) demonstration projects shall include renewable generation installed at or in the vicinity of
3 nonprofit affordable housing projects where energy savings benefits are provided to reduce
4 electric bills of the customers at the nonprofit affordable housing projects. Any renewable
5 generation proposals shall be subject to the review and approval of the commission. The
6 commission shall annually make an adjustment to the minimum amounts required under the
7 renewable energy standard under chapter 39-26 in an amount equal to the kilowatt hours
8 generated by such units owned by the electric distribution company. The electric and gas
9 distribution company shall also be authorized to propose and implement smart metering and
10 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 SECTION 2. Title 39 of the General Laws entitled "PUBLIC UTILITIES AND
16 CARRIERS" is hereby amended by adding thereto the following chapter:

17 CHAPTER 26.4

18 NET METERING

19 **39-26.4-1. Purpose.** -- The purpose of this chapter is to facilitate and promote installation
20 of customer-sited, grid-connected generation of renewable energy; to support and encourage
21 customer development of renewable generation systems; to reduce environmental impacts; to
22 reduce carbon emissions that contribute to climate change by encouraging the local siting of
23 renewable energy projects; to diversify the state's energy generation sources; to stimulate
24 economic development; to improve distribution system resilience and reliability; and to reduce
25 distribution system costs.

26 **39-26.4-2. Definitions.** -- Terms not defined in this section herein shall have the same
27 meaning as contained in chapter 26 of title 39 of the general laws. When used in this chapter:

28 (1) "Eligible net metering resource" means eligible renewable energy resource as defined
29 in section 39-26-5 including biogas created as a result of anaerobic digestion, but, specifically
30 excluding all other listed eligible biomass fuels;

31 (2) "Eligible Net Metering System" means a facility generating electricity using an
32 eligible net metering resource that is reasonably designed and sized to annually produce
33 electricity in an amount that is equal to or less than the renewable self-generator's usage at the
34 eligible net metering system site measured by the three (3) year average annual consumption of

1 energy over the previous three (3) years at the electric distribution account(s) located at the
2 eligible net metering system site. A projected annual consumption of energy may be used until
3 the actual three (3) year average annual consumption of energy over the previous three (3) years
4 at the electric distribution account(s) located at the eligible net metering system site becomes
5 available for use in determining eligibility of the generating system. The eligible net metering
6 system must be owned by the same entity that is the customer of record on the net metered
7 accounts. Notwithstanding any other provisions of this chapter, any eligible net metering
8 resource: (i) owned by a municipality or multi-municipal collaborative or (ii) owned and operated
9 by a renewable generation developer on behalf of a municipality or multi-municipal collaborative
10 through municipal net metering financing arrangement shall be treated as an eligible net metering
11 system and all municipal accounts designated by the municipality or multi-municipal
12 collaborative for net metering shall be treated as accounts eligible for net metering within an
13 eligible net metering system site.

14 (3) “Eligible Net Metering System Site” means the site where the eligible net metering
15 system is located or is part of the same campus or complex of sites contiguous to one another and
16 the site where the eligible net metering system is located or a farm in which the eligible net
17 metering system is located. Except for an eligible net metering system owned by or operated on
18 behalf of a municipality or multi-municipal collaborative through a municipal net metering
19 financing arrangement, the purpose of this definition is to reasonably assure that energy generated
20 by the eligible net metering system is consumed by net metered electric service account(s) that
21 are actually located in the same geographical location as the eligible net metering system. Except
22 for an eligible net metering system owned by or operated on behalf of a municipality or multi-
23 municipal collaborative through a municipal net metering financing arrangement, all of the net
24 metered accounts at the eligible net metering system site must be the accounts of the same
25 customer of record and customers are not permitted to enter into agreements or arrangements to
26 change the name on accounts for the purpose of artificially expanding the eligible net metering
27 system site to contiguous sites in an attempt to avoid this restriction. However, a property owner
28 may change the nature of the metered service at the accounts at the site to be master metered in
29 the owner’s name, or become the customer of record for each of the accounts, provided that the
30 owner becoming the customer of record actually owns the property at which the account is
31 located. As long as the net metered accounts meet the requirements set forth in this definition,
32 there is no limit on the number of accounts that may be net metered within the eligible net
33 metering system site.

34 (4) “Excess Renewable Net Metering Credit” means a credit that applies to an eligible

1 net metering system for that portion of the renewable self-generator's production of electricity
2 beyond one hundred percent (100%) and no greater than one hundred twenty-five percent (125%)
3 of the renewable self-generator's own consumption at the eligible net metering system site during
4 the applicable billing period. Such excess renewable net metering credit shall be equal to the
5 electric distribution company's avoided cost rate, which is hereby declared to be the electric
6 distribution company's standard offer service kilo-watt hour (kWh) charge for the rate class and
7 time-of-use billing period (if applicable) applicable to the distribution customer account(s) at the
8 eligible net metering system site. Where there are accounts at the eligible net metering system
9 site in different rate classes, the electric distribution company may calculate the excess renewable
10 net metering credit based on the average of the standard offer service rates applicable to those on-
11 site accounts. The electric distribution company has the option to use the energy received from
12 such excess generation to serve the standard offer service load. The commission shall have the
13 authority to make determinations as to the applicability of this credit to specific generation
14 facilities to the extent there is any uncertainty or disagreement.

15 (5) "Farm" shall be defined in accordance with section 44-27-2, except that all buildings
16 associated with the farm shall be eligible for net metering credits as long as: (i) The buildings are
17 owned by the same entity operating the farm or persons associated with operating the farm; and
18 (ii) The buildings are on the same farmland as the project on either a tract of land contiguous with
19 or reasonably proximate to such farmland or across a public way from such farmland.

20 (6) "Multi-municipal collaborative" means a group of towns and/or cities that enter into
21 an agreement for the purpose of co-owning a renewable generation facility or entering into a
22 financing arrangement pursuant to subdivision (7).

23 (7) "Municipal net metering financing arrangement" means arrangements entered into by
24 a municipality or multi-municipal collaborative with a private entity to facilitate the financing and
25 operation of a net metering resource, in which the private entity owns and operates an eligible net
26 metering resource on behalf of a municipality or multi-municipal collaborative, where: (i) The
27 eligible net metering resource is located on property owned or controlled by the municipality or
28 one of the municipalities, as applicable, and (ii) The production from the eligible net metering
29 resource and primary compensation paid by the municipality or multi-municipal collaborative to
30 the private entity for such production is directly tied to the consumption of electricity occurring at
31 the designated net metered accounts.

32 (8) "Net metering" means using electricity generated by an eligible net metering system
33 for the purpose of self-supplying power at the eligible net metering system site and thereby
34 offsetting consumption at the eligible net metering system site through the netting process

1 established in this chapter.

2 (9) "Net metering customer" means a customer of the electric distribution company
3 receiving and being billed for distribution service whose distribution account(s) are being net
4 metered.

5 (10) "Person" means an individual, firm, corporation, association, partnership, farm, town
6 or city of the State of Rhode Island, multi-municipal collaborative, or the State of Rhode Island or
7 any department of the state government, governmental agency or public instrumentality of the
8 state.

9 (11) "Project" means a distinct installation of an eligible net metering system. An
10 installation will be considered distinct if it is installed in a different location, or at a different
11 time, or involves a different type of renewable energy.

12 (12) "Renewable Net Metering Credit" means a credit that applies to an Eligible Net
13 Metering System up to one hundred percent (100%) of the renewable self-generator's usage at the
14 Eligible Net Metering System Site over the applicable billing period. This credit shall be equal to
15 the total kilowatt hours of electricity generated and consumed on-site during the billing period
16 multiplied by the sum of the distribution company's:

17 (i) Standard offer service kilowatt hour charge for the rate class applicable to the net
18 metering customer;

19 (ii) Distribution kilowatt hour charge;

20 (iii) Transmission kilowatt hour charge; and

21 (iv) Transition kilowatt hour charge.

22 (13) "Renewable self-generator" means an electric distribution service customer who
23 installs or arranges for an installation of renewable generation that is primarily designed to
24 produce electricity for consumption by that same customer at its distribution service account(s).

25 (14) "Municipality and towns and cities" means any Rhode Island town or city, including
26 any agency or instrumentality thereof, with the powers set forth in title 45 of the general laws.

27 **39-26.4-3. Net Metering.** -- (a) The following policies regarding net metering of
28 electricity from eligible net metering systems and regarding any person that is a renewable self-
29 generator shall apply:

30 (1) The maximum allowable capacity for eligible net metering systems, based on
31 nameplate capacity, shall be five megawatts (5 mw).

32 (2) The aggregate amount of net metering in Rhode Island shall not exceed three percent
33 (3%) of peak load, provided that at least two megawatts (2 mw) are reserved for projects of less
34 than fifty kilowatts (50 kw).

1 (3) For ease of administering net metered accounts and stabilizing net metered account
2 bills, the electric distribution company may elect (but is not required) to estimate for any twelve
3 (12) month period:

4 (i) The production from the eligible net metering system; and

5 (ii) Aggregate consumption of the net metered accounts at the eligible net metering
6 system site and establish a monthly billing plan that reflects the expected credits that would be
7 applied to the net metered accounts over twelve (12) months. The billing plan would be designed
8 to even out monthly billings over twelve (12) months, regardless of actual production and usage.
9 If such election is made by the electric distribution company, the electric distribution company
10 would reconcile payments and credits under the billing plan to actual production and
11 consumption at the end of the twelve (12) month period and apply any credits or charges to the
12 net metered accounts for any positive or negative difference, as applicable. Should there be a
13 material change in circumstances at the eligible net metering system site or associated accounts
14 during the twelve (12) month period, the estimates and credits may be adjusted by the electric
15 distribution company during the reconciliation period. The electric distribution company also may
16 elect (but is not required) to issue checks to any net metering customer in lieu of billing credits or
17 carry forward credits or charges to the next billing period. For residential eligible net metering
18 systems twenty-five kilowatts (25 kw) or smaller, the electric distribution company, at its option,
19 may administer renewable net metering credits month to month allowing unused credits to carry
20 forward into following billing period.

21 (4) If the electricity generated by an eligible net metering system during a billing period
22 is equal to or less than the net metering customer's usage during the billing period for electric
23 distribution company customer accounts at the eligible net metering system site, the customer
24 shall receive renewable net metering credits, which shall be applied to offset the net metering
25 customer's usage on accounts at the eligible net metering system site.

26 (5) If the electricity generated by an eligible net metering system during a billing period
27 is greater than the net metering customer's usage on accounts at the eligible net metering system
28 site during the billing period, the customer shall be paid by excess renewable net metering credits
29 for the excess electricity generated beyond the net metering customer's usage at the eligible net
30 metering system site up to an additional twenty-five percent (25%) of the renewable self-
31 generator's consumption during the billing period; unless the electric distribution company and
32 net metering customer have agreed to a billing plan pursuant to subdivision (3).

33 (6) The rates applicable to any net metered account shall be the same as those that apply
34 to the rate classification that would be applicable to such account in the absence of net metering

1 including customer and demand charges and no other charges may be imposed to offset net
2 metering credits.

3 (b) The commission shall exempt electric distribution company customer accounts
4 associated with an eligible net metering system from back-up or standby rates commensurate with
5 the size of the eligible net metering system, provided that any revenue shortfall caused by any
6 such exemption shall be fully recovered by the electric distribution company through rates.

7 (c) Any prudent and reasonable costs incurred by the electric distribution company
8 pursuant to achieving compliance with subsection (a) and the annual amount of the distribution
9 component of any renewable net metering credits or excess renewable net metering credits
10 provided to accounts associated with eligible net metering systems, shall be aggregated by the
11 distribution company and billed to all distribution customers on an annual basis through a
12 uniform per kilowatt-hour (kwh) surcharge embedded in the distribution component of the rates
13 reflected on customer bills.

14 (7) The billing process set out in this section shall be applicable to electric distribution
15 companies thirty (30) days after the enactment of this chapter.

16 **39-26.4-4. Liberal construction of chapter required. --** This chapter shall be construed
17 liberally in aid of its declared purposes.

18 **39-26.4-5. Severability. --** If any provision of this chapter or the application thereof to
19 any person or circumstances is held invalid, such invalidity shall not affect other provisions or
20 applications of the chapter, which can be given effect without the invalid provision or application,
21 and to this and the provisions of this chapter are declared to be severable.

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

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LC01934/SUB A/2
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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 facilitate and promote installation of a customer-sited, grid connected
- 2 generation of renewable energy through net metering of electricity.
- 3 This act would take effect upon passage.

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LC01934/SUB A/2
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